

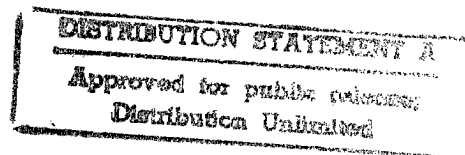
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8 May 1984

East Europe Report

ECONOMIC AND INDUSTRIAL AFFAIRS



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8 May 1984

EAST EUROPE REPORT

ECONOMIC AND INDUSTRIAL AFFAIRS

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BRIGADE KHOZRASCHET, TEAM WORK ORGANIZATION EXPLAINED

Prague PLANOVANE HOSPODARSTVI in Slovak No 1, 1984 pp 50-60

/Article by Eng Peter Kuzmisin, CSc, Institute of Marxism-Leninism, University of Pavol Jozef Safarik, Presov: "Brigade-type Forms of Work Organization and Brigade Khozraschet"/

/Text/ "It is impossible not to see even such a basic form of production management that was discovered by the masses themselves, such as the khozraschet work teams."*

The process of building a developed socialist society is an objective process characterized by an increasing level of social production and the degree of its socialization and is connected with deepening and restructuring social relations on collectivist principles. These trends are, moreover, reinforced by intensifying processes of socialist economic integration, accelerated scientific and technological progress, stepped-up cooperation, specialization, concentration and combination, changes in the organization of the technological base of production, restructuring in the area of social class and nationalistic relations, etc. Thus, it involves a process of development and changes in the political system, the key thematic contents of which are socialist democracy, uniformity of rights and obligations of citizens, expanded and improved participation of workers in management, formulation and implementation of society's development. A part of the qualitative changes in the nature of work under socialism--collectivism--is tied to the changes occurring in the system of socialist production relations in general. Its significant feature--promoting collectivism through working in collectives--is based on the development of solid and conscious discipline, mutual respect, initiative and responsibility that are reflected in increased labor productivity, economy, efficiency and quality.

Thus, the transition from the primarily individual nature of work into its collective nature becomes the starting point for grasping the substance of the brigade-type form of organization of work: use the productive force of collective organization of work through cooperation and the distribution of labor, improved operational linkage of successive operations and allround development of the

*Andropov, Y.: "Teachings of Karl Marx and Selected Problems of Building Socialism in the USSR," PRAVDA, 24 February 1983, p 6.

members of the collective toward achieving substantial improvements in the attained results of an economic and social nature. Brigade-type forms of work organization represent in this respect a new quality within the framework of which work teams constitute the basic cells of enterprise collectives that become the target for planning basic qualitative and quantitative work indicators, establishing standards and linking the system of incentives to the results of collective work in dependence on the attained final results of work. In this sense, work teams must be considered to be the lowest and, at the same time, the basic elements of intraplant management, a subject as well as an object of management, the lowest element in the organization of production.

It can do no harm to call to mind the fact that in the new USSR Constitution the work team is considered the basic cell of the political, economic and social life of society. Moreover, effective as of 1 August 1983, the law regarding work teams in the USSR is oriented toward the continued development of democratic principles of production management, toward the reinforcement of discipline, and toward improved efficiency in utilizing resources. This entails the upgrading of the role of work teams in the management of enterprises, institutions and organizations, whereby

--the law expands the scope of production, social and educational problems that fall within the sphere of management by work teams;

--the law grants work teams the right to approve binding decisions in many problem areas, independently;

--the law envisions the improvement of the forms and methods for implementing the authority and jurisdiction of work teams and promotes their direct participation in the management of enterprises, institutions and organizations as part of a uniform national economic organism. This established additional prerequisites conducive to the improvement and promotion of brigade-type forms of work organization.

The formation and introduction of the brigade-type form of work organization is tied to the implementation of the results of VTR /scientific and technological revolution/ and its combination with the advantages offered by socialism. Such characteristic features of VTR as automation, cybernetization, etc., cause substantial changes in production by making use of the advantages offered by chemical, electronic, laser, supersonic and other technologies and basically affect increases in the societal productivity of labor, eliminating separation of the function of management from production and technology. This changes the position of the human factor in the work process, and requires all its participants to develop and implement management and control, intellectual creative performance and its combination and projection into the technological processes.

Since we are developing efforts toward the continued elaboration and improvement of the principles of the Set of Measures, but also toward the implementation of its existing concepts, the brigade-type forms of work organization constitute one of the forms that promote the improved implementation of this document which seeks to improve the system of planned management with the objective of inaugurating a primarily intensive orientation of economic development as the prerequisite

for improving the efficiency of the national economy as a whole. In other words, whoever has an allround grasp of the thematic substance and mission of the Set of Measures will also understand the mission of the brigade-type forms of work organization and remuneration and will be able to incorporate them into the totality of the socioeconomic processes in our society--in this case, effectively to bring the implementation of the Set of Measures to the workplace level.

Such an interpretation of the mission of the brigade-type forms of work organization calls for an assessment of the possibilities and prerequisites for their utilization and combination with khozraschet principles in the process of management. At the same time it is imperative to utilize and generalize the experiences gained so far from the operation of khozraschet work teams, particularly in the USSR. The starting point in this direction in our country is CSSR Government Resolution No 382 of 27 November 1980 which, among other things, calls for "...use of advanced work teams for verifying and gradually implementing the brigade-type form of work organization and remuneration while utilizing the experience of other socialist countries, particularly the USSR." This resolution is followed by the "Principles for Experimental Verification of the Brigade-type Form of Work Organization and Remuneration"; several dozen enterprises and plants were selected for the practical verification of this document on the basis of instructions issued by the Federal Ministry of Labor and Social Affairs in agreement with the national ministries. The general principles which were issued are applied to conditions prevalent in individual sectors.

Basic Prerequisites for the Introduction and Functioning of the Brigade-type Form of Work Organization and of Khozraschet Work Teams

The brigade-type form of work organization creates the potential for increasing the efficiency of production, improving the utilization of available working time and equipment and, on this basis, it leads to continued increases in the productivity of labor and the quality of production and services. All of this positively affects improvement in the qualification of workers and a deeper acquisition of professional habits, as well as increased active participation of workers in the organization and management of production.

It is essential that the development of the brigade-type form of work organization be oriented toward:

--their continued improvement and promotion in sectors, types of production, etc., where this form already exists,

--formation of brigades wherever individual work organization prevails.

In the preparatory period for transition to this form of operation it is imperative to adopt a systematic approach toward familiarization with and/or explanation of the reasons and necessity for such an approach. The newly-emerging type of collective participation of workers in production management must culminate in the case of each worker with an awareness of his position, the relevance and significance of his work which constitutes a part of social labor. Political and organizational efforts start with the preparation of key workers, and

gradually, of all other workers to whom the brigade-type form applies. A uniform approach by economic management, party, trade-union and youth organs and organizations is important. This cannot involve a formalistic and nonrecurrent approach, but one within the framework of economic propaganda and political mass indoctrination. Significant help can be provided by scientific institutions which in cooperation with enterprise collectives channel their efforts toward the resolution of specific tasks and problems at individual workplaces. A part of these preparatory efforts is verification and optimization of technical and economic norms, technological modes, operational procedures, organization of work, and application of economic instruments with the objective of instilling in them the conviction that the assessment of a given collective is directly tied to the final results of its efforts.

The prerequisite for the formation of brigades is the delineation of the volume of operations in finishing production or its part, as well as assessment and remuneration for the work team's performance according to the final production results. This calls for the creation of conditions and introducing a comprehensive system of planning in the given organization from a single center--as the prerequisite for a balanced plan. The latter's quotas are to be passed on to the work team in adequate time to allow for their realistic assessment and adoption of an implementation counterplan. It further specifies the basic planning and accounting unit (workteam specifications) that includes the volume of operations and consumption of the elements of the work process and thus becomes a set of tasks for the given period, specifying the consumption of standard hours, processed and raw materials, etc. The brigade specifications should respect the requirement that the work team be allocated prospective as well as operational tasks not only in volumes, but also in standard hours. In other words, the work team must know what and in what length of time it is to accomplish, which and how many products are to leave its workplace and the remuneration it is to receive. The prerequisite for effective functioning of this basic planning unit is to base its work on technically justified standards and norms with the use of technoeconomical indicators and calculations of all types, as a basis for the allocation of production tasks to the work team as a whole, as well as to each individual worker. Under our conditions this requirement is of particular importance. Analyses confirm that in the area of improving the efficiency of the work process and determining objective standards for consumption of labor that would serve to assess the labor expended in work processes or operations and would, at the same time, constitute the basis for remuneration, there are still considerable untapped resources. The initiative of work teams and their experience could constitute a contribution in this direction as well. This is confirmed by, e.g., the Aksay system of verification of performance norms undertaken at the initiative of workers in the Rostov region of the USSR. Meeting these requirements provides for a higher level of general interest in and responsibility for the effectiveness of collective work. When the planning, accounting and remuneration unit becomes the final product of the work team's efforts instead of the results of individual efforts, it becomes necessary to carry out a substantial volume of effort from the viewpoint of restructuring the organization of production, work, its standardization, planning and recording.

A work team is formed under the direction of the enterprise (VHJ /economic production unit/) manager, or by the head of the relevant production unit. The process of work team formation respects the principle of voluntary participation, whereby the work team's opinion is also taken into consideration when new members join the team. The work team is headed by a work team foreman--the key qualified worker with organizational talents whose authority is accepted naturally by the team's members and who performs his work in accordance with his standing in the tariff catalogue of qualifications. In carrying out the tasks assigned to the work team, he must be familiar with the technology of production, organization, standards, rules of remuneration, plan quotas, requirements for the utilization of elements of the work process, regulations of work safety and protection, health protection and fire prevention. The work team foreman is appointed by the head of the given organizational unit, and the opinions of the work team members are also considered.

The basic rights of the work team foreman include:

- participation in the formulation of current, long-term and implementation counterplans for the work team;
- issuing to work team members instructions essential to the performance of operations;
- proposing acceptance or expulsion of new members of the work team, taking into consideration the opinion of work team members or the work team council;
- suspending operations in case of an infraction of work safety or health regulations and notifying the head foreman or another key worker;
- in cooperation with the sectoral trades union secretary and on the basis of a suggestion by team members, proposing measures for disciplinary action for failure to carry out assigned tasks or for infraction of the rules of work discipline;
- actively influencing and participating in the work team's life and dealing with other problems (recommendations for study, suggestion for recreation, division of labor within the work team, development of work initiative, improvement of skills and qualifications, quality control).

The key obligations of the work foreman include:

- organizing work within the team by making use of the scientific organization of labor, introducing advanced forms of its organization, promoting qualification in multiple job skills with the objective of increasing the productivity of labor, meeting planned quotas while achieving a high quality of production and efficient utilization of operational resources, raw and processed materials, fuels and energy;
- providing a timely allocation of production tasks to work team members in keeping with the technology and principles of the scientific organization of labor and consistent with the qualification and skill of the team members;

--maintaining control in compliance with technological and work discipline, and meeting production tasks;

--verifying the availability of the necessary processed and raw materials, equipment, etc., at the workplace, taking the appropriate measures to cut down on idle time and losses in the course of the work process; helping to eliminate defects and, in case of their occurrence, checking the output produced by team members;

--assisting in introducing and upgrading the team's khozraschet;

--developing and promoting initiative and activism of team members toward pledging personal production plans, reducing the labor-intensiveness of production, introducing technically justified performance standards, introducing in accordance with team members' suggestions measures designed to reinforce the normative base, explaining to team members the rules governing remuneration in the team;

--constantly improving his ideopolitical, cultural and technical qualifications; promoting through personal example socialist ownership and socialist work standards, organizing socialist competition within the team, in cooperation with the sectoral ROH /Revolutionary Trade-Union Movement/ secretary, reinforcing work and production discipline, contributing to the team members' improved qualifications and skills, promoting improvement and efficiency drives.

The work team foreman performs his function in close connection with the team's collective body that participates in dealing with the key problems relevant to the team's day-to-day living.

Depending on specific conditions of the team's operation and on the basis of its decision, it is possible to establish a work team council, usually for 1 year, composed of its most qualified and authoritative members. The work team council includes representatives of all shifts, the sectoral trade-union secretary and the head foreman.

The work team council is endowed primarily with the following rights:

--it determines the amount of premiums and bonuses to be paid for the results of collective output based on the actual contribution made by each member of the team;

--it grants team members extra pay for exemplary job performance and for acquiring proficiency in several jobs;

--it recommends to the management and the trade union changes to be made in the qualification classification of workers;

--it determines the winners of socialist competition within the team and the amount of bonuses for having so qualified;

--it recommends and picks out top team members for moral and material incentive awards for the results attained in intraplant competition.

The work team council scrutinizes the work team's production plans, prepares recommendations for implementing counterplans and measures oriented toward their attainment, submits them to the work team for consideration and, further:

- prepares proposals and measures for improving the efficiency of production and quality of work, for mechanizing work processes and improving working conditions, and submits them to the relevant organs for consideration;

- assists in introducing scientific labor organization, reducing the labor-intensiveness of production, introducing technically justified norms, making changes in the numerical and job-qualification composition of the work team and acquiring proficiency in advanced methods of operation;

- develops systematic efforts toward reinforcing work and technological discipline, improved utilization of working hours, equipment, processed and raw materials, fuels and energy, deals with infractions of work discipline and submits proposals for their resolution;

- organizes processes designed to improve job qualifications and experience sharing within the team;

- considers proposals made by the work team foreman in accordance with the coefficients of work participation by individual team members that are based on the relevant regulations and agreements;

- assists in organizing and developing socialist competition, and preparing implementation counterplans, and controls how they are being met;

- deals with problems of providing moral and material incentives for the team;

- discusses proposals for acceptance of new team members and/or their release, participates in dealing with problems of meeting quotas with a lower number of workers;

- carries out educational efforts in the collective, develops attitudes toward collectivism and mutual help, deals with problems encountered in the team's life inside and outside of production.

In the interest of coordinating the development of brigade-type forms of organization of work and remuneration, sharing of experiences, etc., it is also possible to establish a council of work team foremen which is an auxiliary organ of economic management.

Management of work teams on a collective principle increases its creative initiative. The head foreman, freed from many tasks which the work team is capable of handling itself, can channel his efforts toward higher managerial functions formulated in the statute. This primarily involves the creation of better conditions for meeting the plan, increased care about technological development, job-related training of workers and overall management and control. The position of the head foreman in this type of work organization is precisely stipulated following agreement with the enterprise management, party and

trade-union organs. The head foreman is not precluded from performing the function of work team foreman. If that is not the case, the work team foreman is, for all practical purposes, the head foreman's first assistant. Promoting worker participation in management is most clearly manifested in the life of the brigade during work team consultations during which members, in accordance with the approved principles, nominate and approve the work team foreman, elect work team council members by show of hands, scrutinize production tasks and the responsibility for meeting them, address the problems of material incentives, socialist competition, pledging of implementation counterplans, approve the manner for distributing the collective part of wages, take a stand on the stipulated coefficient of work participation and other problems pertinent to the work team's life. The number of work team members is determined on the basis of scientifically justified sectoral and intersectoral standards which, moreover, also determine the composition of workers' qualifications within the team.

Principles of Khozraschet Application in Work Teams and Organization of a System of Incentives

Organizational forms of work teams, their numerical strength and job qualification structure are based on the contents and complexity of the production process, the labor intensiveness of production determined on the basis of intersectoral, sectoral and other work standards, etc. Work teams can be specialized or multipurpose. Among the latter can be ranked also the so-called cross-sectional or interdepartmental work teams which combine workers of all shifts in order to cut down on idle time during transitions from one shift to another.

As a rule, a specialized brigade is composed of workers sharing the same trade or occupation in identical technological processes. A multipurpose work team is composed of workers with different trades who perform the sum of technologically varying, mutually interlinked operations that include the entire production cycle or its closed part. The nature of work performed in this case calls for proficiency in another occupation, or several of them, or performance of various operations.

The fulfillment of stipulated tasks by the work team calls for the creation of necessary prerequisites. Among those already named, this involves primarily:

- delineating the work areas and equipment at the team's disposal,
- providing a continuous supply of materials and technology,
- providing the work team with essential technical documentation, etc.,
- incorporating the work team into the system of intraplant management,
- working out the principles of organizational arrangement of the work team, its authority and jurisdiction, rules for and manner of implementing the intraplant khozraschet in relation to the work team.

Khozraschet principles are applied in the process of management in order to promote collective interest and responsibility for the effective utilization of manpower, material and financial resources of the work team. A work team so constituted is assigned tasks in the area of wage funds, utilization of equipment, raw and processed materials, fuels and energy and is assigned the type and limit of incentives according to the attained level of their utilization, to which end are concluded agreements with the economic management of the given organization. At the same time, this agreement stipulates the extent of rights, obligations and responsibilities of the khozraschet work team for meeting planned quotas, the means of dealing with problems that exceed the work team's possibilities (e.g., making up for time lost due to external factors that are independent of the work team), the measures of the work team's independence and the manner of implementing control.

Remuneration for the team's work depends on the existing wage regulations. The team's total collective income must depend on the final output. Its distribution among team members is conducted in accordance with valid tariff and wage modification and according to actually worked hours. Extant opinions with regard to the problem of collective wage distribution differ. For example, J. Dvorak states: "The brigade-type form of organization of work and wages brings up the question of whether there is any justification for doing away with the traditional method of distributing earnings depending on the qualification class rating and the hours worked, or whether it is possible to allocate wages on the basis of the coefficient of work participation, or view the overall rating of a worker. In our opinion, there is little viability in such methods of distributing work team earnings that make it possible to effect changes even in the tariff component of wages. Tariff wages reflect the entire complex of factors which characterize the complexity of the performed work, whereby its objective assessment within the work team is extraordinarily difficult."* This form of work organization offers the possibility of applying various forms of remuneration that must respect the peculiarities of the sector and enterprise, facilitate a creative approach by economic management, party, trade union and youth organs; however, it must respect general rules and uniform procedures in applying the socialist merit principle and in promoting socialist collectivism in interpersonal relations in workplaces.

According to available experience, the acceptable method for determining the amount of remuneration is according to the so-called coefficient of work participation \overline{KPU} . The latter determines the team members' share in remuneration according to the volume of work expended on meeting the team's specifications and on premiums for personal initiative--in more efficient utilization or valorization of production elements, acquiring proficiency in an additional trade or skill, new procedures, etc. In another currently used method the basic component of wages is distributed according to the tariff system and actual working hours. The component varies according to KPU, which at the proposal of the team foreman or of the work team council is approved by the work team in accordance with certain criteria such as:

*Dvorak, J.: "Intensification of the Economy and Khozraschet," Prague, Academia 1982, p 166.

- the degree of attained specialization,
- occupational proficiency,
- on-the-job work and social activity,
- assistance and patronage offered in the team,
- technical creativity, utilization of R&D findings, etc.

KPU can form the basis for the distribution of collective wages among the team members. In this case a long-term average (3 to 6 months) is used as a basis for computing the basic standard unit which essentially constitutes the wages for the average worker around which varies the actual remuneration according to the predetermined KPU (usually 0.7-1.5 of the average). This method forms the basis for determining the amount of premiums (for expediency, quality, savings), or their cutbacks (unexcused absences, infractions against work and technological discipline).

Certain specific features in applying the forms of remuneration result from the peculiarities that apply to a given sector. For example, in mining sectors, in continuous operations in the chemical industry, in operations using automated lines and systems, the type of remuneration found most suitable was one based on a uniform regulation, and the distribution of wages payable occurs in accordance with the applicable tariff class and the hours worked. This reflects the specific features of the performed operations. In other sectors (textile, clothing and shoemaking industries, etc.) the prevalent system of remuneration is based on individual job rates for final production, whereby premiums are determined on the basis of the overall results achieved by the work team. In all cases successful use can also be made of a system of bonuses for the khozraschet work team to meet planned quotas with a lower member of workers.

Example of Applying Khozraschet Principles Under Operational Conditions of Machine Building Enterprises

In economic organizations of the machine building industry there are suitable conditions for the introduction of brigade-type forms of work organization, even in operations where the individual form of work organization and motivation has traditionally prevailed. The principle observed here is that the final work product represents a finished product, or its certain finished part (product, component, part). The number of team members should not exceed the number of members of the given production sector under the jurisdiction of a given head foreman; its structure of qualifications must be commensurate with the complexity and structure of performed operations.

The work teams formed in machine building production operations can be either multipurpose or specialized. Multipurpose work teams are formed in production sectors specializing in objects or components, specialized work teams in sectors with technological specialization. In cases where organizational and technological conditions are conducive to the formation of both types of work teams, preference must be given to the formation of multipurpose work teams, which offer

the advantage of combining occupations and improving the qualitative contents of the performed operations. Similarly in justified cases it is possible to incorporate into work teams auxiliary workers who directly participate in the operation of the technological process.

In the case of two- or three-shift operations, cutting down on idle time in the changing of shifts and increased responsibility of team members for meeting production quotas in all shifts, etc., it is expedient to form cross-sectional or interdepartmental work teams that include workers from all shifts.

Even in this latter case the work team is headed by a work-team foreman who at the same time performs functions attendant to his classification. When the number of team members exceeds 10 workers, it is recommended that a work-team council be established. Other possibilities for organizational solutions are offered by the specifically applicable conditions (establishment of a council of work-team foremen, dividing work teams into partial elements, etc.).

The brigade-type form of work organization substantially elevates the role of the head foreman as organizer of the work process and mentor of his subordinates. His primary responsibility concerns the improvement of technology and organization of production, improving working conditions, timely meeting of the team's production quotas in all technoeconomic indicators, further organizing work team competitions, improving the system of distribution of premiums with emphasis on the operational contribution provided by each team member, etc.

Particular attention in preparatory operations of machine building enterprises must be paid to improving the specialization of sectors and operations, creation of efficient production zones within which it is possible to organize a work team in accordance with the last operation to be performed in the technological process of parts production, groups of products, etc. At the same time, it is important that preparatory operations participate mainly in the technological sector, units engaged in the organization of work and wages, planning, production and logistics. The result of these efforts is the formation of an operational statute for the work team (the team's personnel composition, its foreman, the work team council, allocated tangible production factors, organizational charts and operation of work points, division of labor within the team, planning indicators and the manner for assessment of performance).

The work team is assigned production tasks by means of annual, quarterly and monthly plans, rules for recordkeeping, control and evaluation that correspond to sectoral regulations in the area of detailing, organization and motivation for meeting the planned quotas. This calls for starting out with advanced forms of work organization and technically justified standards. The monthly plan usually stipulates:

--nomenclature of production (products, sets, details, etc.) and the allocated period of time,

--production volume (in standard hours, in units and in value),

--quality of production (percentage share of production in top-quality products, etc.),

--improvements in the productivity of labor in percentages, cutbacks in standardized labor intensiveness,

--volume of wage funds.

The adjustment of khozraschet principles to the team's work conditions entails the assignment--on the basis of applicable standards of indicators for the utilization of operational resources, raw and processed materials, equipment, fuels, energy and the specific forms and limits of incentive rewards for achieved results. This involves the planned assignment of tasks in cases when use is made of the aforementioned factors that the work team can directly influence. In these cases an amount of up to 50 percent of the value of savings achieved in excess of the standard can be used in the form of motivational wage components. To this end, the organization of socialist competition and pledging of implementation counterplans within teams as well as among them is designed.

Organization of the system of incentives is carried out in keeping with valid wage regulations, work standards and general provisions applicable to remuneration for work. In doing so attention should be paid to combining individual and collective (team) incentives to achieve the best possible final results of work--to which is tied the total remuneration for the given period. Determination of the amount of remuneration to individuals is done in keeping with the enterprise and/or work team. Payment of premiums must be differentiated depending on the application of advanced forms of work and the attained quantitative and qualitative results. In cases where quotas are met with a lower number of workers, up to 70 percent of savings can be paid out to the team. If systematic attention is paid to evaluating the contribution of each individual to the final work results, it is expedient to use KPU. According to the allocated KPU, differentiation can be made between:

--all types of premiums and bonuses,

--the wage fund and its applicable savings,

--summary extra pay.

The actual KPU is determined according to the decision of the team's collective and is equal to basic KPU increased or decreased depending on individual contribution within a range of 0-2.0 of the base. However, the minimum earnings of a team member cannot be lower than those corresponding to tariff and wage regulations and the number of hours actually worked. The practiced rules of remuneration are subject to comments by economic management or by the trade union organization.

The distribution of the total volume of wages payable, and their distribution among the work team members in accordance with KPU, is illustrated in closer detail in the following table:

Distribution of Wages Among Work Team Members

1	2	3	4	5	6	7	8	9	10	11
1	kovo- sústružník	6	9,00	170	1 530,—	1,2	1 836,—	529,86	857,22	2 917,08
2	kovo- sústružník	6	9,00	160	1 440,—	1,0	1 440,—	415,58	672,33	2 527,91
3	frézovač	7	10,20	130	1 326,—	1,4	1 856,40	435,75	866,75	2 628,50
4	frézovač	7	10,20	165	1 683,—	1,3	2 187,90	631,42	1 021,53	3 335,95
5	frézovač	7	10,20	170	1 734,—	1,4	2 427,60	700,60	1 133,45	3 568,05
6	sústružník	5	8,00	140	1 120,—	0,9	1 008,00	290,90	470,63	1 881,53
7	sústružník	5	8,00	160	1 280,—	0,8	1 024,00	295,52	478,10	2 053,62
Spolu					10 113,—		11 778,90	3 400,—	5 500,—	18 212,64

Key to Numbers Across the Top:

1. Worker (work team member) ser. no.
2. Occupation
3. Work class
4. Wage tariff per hour in Kcs
5. Time worked, in hours
6. Tariff wages for time worked in Kcs
7. KPU in percent
8. Base for extra pay and premiums in Kcs
9. Total extra pay in Kcs
10. Premiums in Kcs
11. Total remuneration in Kcs for the month

Key to Numbers in First Column (denoting occupation subcolumn 2):

1. Lathe operator
2. Lathe operator
3. Milling machine operator
4. Milling machine operator
5. Milling machine operator
6. Turner
7. Turner
- Spolu = Total

Computation Procedure:

1. Tariff wage of each team member is the product of the tariff rate multiplied by actually worked hours (column 4x5).
2. Tariff wage is multiplied by applicable KPU and the product represents the work team's earnings (sum of wages payable in view of KPU), in this particular example Kcs 11,778.90.
3. On this basis is determined the average amount of extra pay in relation to the unit determining the computation of average extra pay to each team member (3,400:11,778.90=0.2886).

4. The obtained result (0.2886) is multiplied by the amount which accrues to individuals (column 8), thus arriving at the total extra pay for individuals as well as for the team as a whole ($0.2886 \times 1,836$), etc.
5. Amount of the premium is a share of the total premium and the quantity in column 8 ($5,500:11,778.90=0.4669$).
6. The amount of premium is determined for each team member. The result of the preceding computation (0.4669) is multiplied by the base for the determination of extra pay and premiums (column 8), e.g., $0.4669 \times 1,836$, etc., yielding the result subcolumn 10 for individuals.
7. The sum of tariff wage, average extra pay and premium determines the total wage for each team member for the given month (sum of columns 6, 9 and 10).

8204

CSO: 2400/288

NEED TO PRESERVE AGRICULTURAL LAND RESOURCES ARGUED

Prague SVET HOSPODARSTVI in Czech 22 Sep 83 p 3

[Article by Eng Jan Koncel, CSR People's Control Committee: "Consistently To Implement the Land Protection Principles"]

[Text] During the first half of last year [1982], the organs of the People's Control Committee carried out a check on the fulfillment of CSR Government Decree No 28/1982, which details the methods of making decisions on the protection of agricultural land resources. This check was conducted in all krajs and in 72 okreses with the cooperation of the CSR Procurator General's Office.

The check was the latest of a series: in 1976 a CPCZ Central Committee decree ordered the minister-chairman of the CSR People's Control Committee to assure that the plans of the people's control system organizations included monitoring of the utilization of agricultural resources and of adherence to the laws on their protection.

Several basic measures have been taken throughout the management chain in order to increase the intensity of agricultural land use, to guard in particular against the constant loss of the highest-quality land, and to increase discipline and order. The relevant legal provisions were revised by updating the 1976 law on protection of agricultural land resources and the implementation provisions associated with it. Several tasks were also imposed by government decrees adopted as a result of inspections made by the people's control organs and the annual reports of the CUGK [Czech Geodetic and Cartographic Office] and MZVZ CSR [CSR Ministry of Agriculture and Food] on the development of agricultural land resources.

During this time, there have been major positive results in the production and utilization of land. Measures laying down in more detail the approach to land decisions have gradually been implemented. Energetic steps have been taken to protect the highest quality, specially protected lands (the government decides on removal of plots of land more than 1 hectare in area from the specially protected class). These measures are decreasing the loss of agricultural land resulting from capital construction, including the expansion of power production and mining activities. Another group of measures that are proving beneficial are aimed at better, faster reclamation of temporarily uncultivated lands, nonagricultural lands and the like.

The check focused primarily on the implementation of the revised measures in dealing with the protection of agricultural land resources. They were found to have been implemented in the decisionmaking work of most okreses. Certain deficiencies in the correctness and legality of land protection decisions persisted, however.

The main shortcoming that was found consisted of failure to reach final decisions on the transfer of land out of the agricultural category, and involved primarily decisionmaking by the ONV's [okres national committees] regarding agricultural lands proposed for afforestation. Decisions have not yet been made on such transfers in 41 okreses. Similarly, in some cases where a final decision had been made on the transfer of lands to the forest category (in which the lands were declared to be in this category by the decision of the ONV's), final decisions had not been made on the consequent transfer to the forestry enterprises. The agricultural organizations are not concerning themselves about the use of lands declared to be or proposed as forest lands. Since these lands have not been transferred to forestry organizations by economic agreements, their effective utilization by the forestry organizations has not been provided for. Another reason for this situation is that no unambiguous, uniform interpretation of the orders issued on this subject has been arrived at. Since 1978, about 12,000 hectares of agricultural land has been proposed for conversion to forest land. Almost 5,000 hectares has not yet been transferred and accepted and is not in intensive economic use.

The check also revealed persistent deficiencies in compensatory recultivation. The government ordered unambiguously that agricultural land could be released for construction, other than for regulation of torrents and watercourses and for land reclamation, only if the investor arranged for at least an equal amount of agricultural land to be returned to agricultural production by recultivation of temporarily uncultivated or nonagricultural land. The inquiry determined that even at the very beginning, i.e., in the decision-making by the ONV's, this condition has not been correctly and absolutely observed. It was even found that in nine okreses this requirement was not imposed at all in decisions in favor of investors, to say nothing of compliance with it being required and monitored. In mid-1982, several okreses still lacked a list of lands suitable for compensatory recultivation from which lands could be chosen to compensate for permanent removal of land from the agricultural category. Unclear points and technical organization problems were not solved quickly, which led to divergent interpretations and approaches, for example, in the construction of family dwellings, the provision of community garden plots and the like. A related problem was that of so-called "paired" compensatory recultivation. In some cases, it was discovered, compensatory recultivation had been imposed for plots of land with an area of 40 square meters, while the preconditions (organizational, methodological and technical-technological) had not been created for the required paired compensatory recultivation in cases involving areas of 100 hectares or more.

Third, the check turned up several persistent discrepancies between property records and the actual state of affairs; similar deficiencies were found by the geodetic organizations in their annual reviews of a fifth of the land. According to field investigation conducted in 1982 on the lands of 290 agricultural okreses, there were 50,184 cases of land use differing from its obligatory status in the documents. A similar number of discrepancies had

been found in 1981, and only half had been definitively resolved. In addition, it was found that more than 22,000 hectares of land carried in the records as used for other crops was actually used as arable land while, conversely, 30,000 hectares of land carried on the records as arable land was not so used. For example, in just nine agricultural enterprises in Pribram Okres, more than 5,000 hectares carried in the property records as agricultural land were shown by direct field inspection not to be in agricultural use: this included miscellaneous land, forests apparently in their natural state and even water areas, and lands occupied by storage facilities such as garages, cow sheds, panel handling facilities and the like.

A fourth major finding which has been designated for correction is incorrect decisionmaking by the VLHZ's of the okres national committees. In essence, the responsible personnel actually do not call for basic information for use in their decisions on exemption of lands, but simply go ahead with the decisions. Decisions were made in many okreses without basic data on the lands, such as soil fertility and whether they were located inside or outside of towns and without determining whether they were specially protected. The investigation also turned up cases in which the VLHZ's of the okres national committees had issued materially incorrect decisions on removal of lands from land categories. It sometimes happens that future users, primarily forestry organizations, reject these decisions categorically (and with full justification) and file appeals against them, since in the great majority of cases there have been no real visits to the land, and areas declared reclassified as forest lands have not been examined or have proved to be constantly flooded, unsuitable for afforestation, occupied by storage depots and the like.

In addition there were a few cases of violation of the law on management (extension of deadlines for settling requests, irregularities in basic record keeping and the like).

Also of importance was the existence of shortcomings in the inventorying and utilization of small and scattered land parcels; one-third of the okreses conducted no inventory of parcels of this type which were unsuitable for large-scale cultivation within the community or plant and thus did not bring about their agricultural use. The potential in this area is indicated by an example from Strakonice Okres, where the body in charge of protecting agricultural lands took the initiative, in cooperation with the geodetic center, in developing a proposal for a survey of small and unused plots in the communities and plants in the okres. It found and summarized from the property records all parcels of agricultural land used by the national committees, organizations, plants and places of business. On-the-spot investigations were performed, based on specific data from the property records in all communities. This inventory identified 335 hectares of previously unused land, of which 314 hectares were proposed for return to productive use.

The deficiencies described above resulted from haphazard management and especially haphazard monitoring, in particular by the agricultural land protection organs. This was another assignment included in the government decree; all management and decisionmaking bodies were enjoined to intensify their monitoring activity for the purpose of more consistent implementation of the revised land protection principles and for utilization of agricultural land resources.

GERMAN DEMOCRATIC REPUBLIC

MARCH 1984 EINHEIT: TECHNOLOGY'S ROLE IN SED ECONOMIC STRATEGY

Economic Development, Peaceful Coexistence

East Berlin EINHEIT in German Vol 39 No 3, Mar 84 (signed to press 10 Feb 84)
pp 195-198

/Article by Prof Manfred Banaschak, department head of the SED Central Committee,
chief editor of EINHEIT: "Equal to the Magnitude of the Task"/

/Text/ Let us all take care "to prove ourselves equal to the magnitude of the historic task and may, in times to come, with honor withstand the judgment of history."¹ These words were spoken at the cradle of our republic, by Wilhelm Pieck on the occasion of his election to the presidency of the GDR, when he asked all those of good will to open a new chapter in the history of the German people. Thirty-five years later, Erich Honecker is able to sum up: The GDR is "a politically stable and dynamically developing, economically highly efficient state, steadily more flourishing in education, science and culture. Our republic has allied itself for all time with the Soviet Union and the other fraternal countries, and in this indissoluble unity it has been proven a solid pillar of peace and socialism in Europe."²

Socialism has moved forward irrevocably on the path of victory on German soil also; on firm foundations we are organizing the developed socialist society, solidly armed for the tasks of the present and the future. We may claim in all conscience: We have shown ourselves equal to the magnitude of the historic task. And this should be a matter of pride for all those who contributed their efforts and worked for the prosperity of this state for years and decades.

By now much has become a matter of course--for some people a little too much so. And yet: Does not just this attitude reflect the magnitude of our achievements? Basically this is a tribute to socialism become an everyday reality--but we must never forget the strength and the struggle needed to get there.

It trips easily from the tongue to say that the M24 billion national income in the year the GDR was established, had risen to M210 billion last year, that the current industrial output is more than 13 times greater than in 1949 and hectare yields of cereals have more than doubled in this same period of time. And yet, remember the tremendous energy needed to achieve such results! It required hard struggles against the tenacious resistance of the forces of imperialism.

We needed indefatigably to break through to new approaches, discard things that had once been useful but were overtaken by changed and more mature conditions, to comprehend and practice socialist planning as a dynamic process of constant evolution. Indispensable in this process were the constant efforts to persuade people in the battle of ideologies to become aware of their new status in production and society, and to act from this awareness.

Ultimately this conscious action of millions, their diligent work, were the deciding element in everything we have created. Nevertheless it would be only a half-truth if we were to speak of this alone. To ascertain the whole truth also means answering the question what may have motivated them. And the answer leaves no doubt that the honest efforts of workers and farmers, members of all classes and strata, are inseparable from the orienting and mobilizing power of our party.

The rise of our socialist GDR is also proof of our party's genuine leadership, its ability to implement the historical inevitabilities of the social development described in Marxism-Leninism, consonant with the actual historic development conditions and specific battle requirements. That is a task which does not arise only in the struggle for the conquest of political power. The socialist revolution is a long process of profound changes in all sectors of social life, and the actual battle conditions are changing fast--especially in our tempestuous age. Needed repeatedly, therefore, are answers to new questions arising from life, from the struggle--answers which reflect the meaning of socialism in the constantly changing developmental situations. The best witness is offered by the resolutions of the Eighth, Ninth and Tenth SED Congresses, especially the drafting of the general line for the organization of the developed socialist society in our country. Based on the conception of developed socialism drawn up jointly with the CPSU and the other fraternal parties, we now have available a comprehensive social strategy, that is theoretically founded and already tested in practice. And this includes--indeed it is its crucial element--the economic strategy resolved upon by the Tenth SED Congress. It has been proven an effective concept for gearing the entire national economy to intensification.

The forward pointing answers to questions arising in the course of the realization of the social and economic strategy are witness to the creativity of our party in the revolutionary process. Let us recall, for example, the measures for the further perfection of management, planning and economic accounting, decided upon by the Politburo and the Council of Ministers in response to the new challenges, the resolute orientation to promising development processes such as microelectronics, robot technology, modern refinement chemistry and biotechnology.

These days the tasks and targets stressed by Comrade Erich Honecker with respect to the internal and foreign political interrelations in his speech to the Seventh CC Plenum and his closing address at the Berlin Bezirk delegate conference, are the concrete reflection of the Marxist-Leninist approach to the issues of the day on the basis of (to quote Lenin) the concrete analysis of the concrete situation. Our approach, at the side of the Soviet Union and within the community of the socialist fraternal countries, is oriented to make our

contribution to the preservation of peace and the reinforcement of socialism in response to present needs. At the same time it demonstrates the seriousness of our efforts to make sure that the performances of our citizens result in steadily improving living standards for them.

More Urgent Than Ever: Peaceful Coexistence

The advocates of the Pershing and Cruise missiles are either foolish or deceptive when claiming that really nothing happened as a consequence of their beginning emplacement. All those assumed a grave responsibility, who opened the way to Washington's fateful course by approving this stationing. Whether people are willing to admit it or not: A new situation has arisen, and even before the emplacement, nobody was left in any doubt that this was bound to evoke counter measures by our alliance, in order to frustrate any upset of the military-strategic balance.

Our reply to the new situation is as clear as it is symptomatic for the nature of our Marxist-Leninist policy, oriented to the prosperity of the people in peace. It runs like this: First--it is all the more imperative to strengthen the struggle for peace, arms control and disarmament. "We must all the more decisively...obstruct the...nuclear war strategists, especially across the Atlantic...from taking the ultimate step. Whatever has to be done to positively influence international developments and return it to a healthy track, that is what we will do." On this path we join all those who are guided by the notion that there is no justifiable alternative to the peaceful coexistence of states with different social systems, coexistence with all those who honestly wish for peace, in whatever ideological or political camp they may be based. Keeping in mind the responsibility of the two German states for peace, Erich Honecker stressed the compelling need for "utilizing any opportunity for making reason and realism prevail, replacing confrontation with cooperation, having disarmament advance and reviving detente in accordance with the principle of equality and equal security."³

As for relations between countries with different social systems, we remain faithful to Lenin's principle of peaceful coexistence, side by side with the Soviet Union. Comrade Konstantin Chernenko, CPSU CC general secretary, recently said "now, in the age of nuclear weapons and super precise missiles, the peoples need it more than ever."⁴ The greater, therefore, the importance of the political dialogue between East and West at this particular time. And also the more urgent the need to bar the way to all those evidently incorrigible spokesmen of the darkest reaction in the United States and other NATO countries, who resist any positive move in direction of stopping the arms race and toward peaceful cooperation. All the idle talk, for instance, about the continued existence of the German Reich in the 1937 borders is hopelessly speculative and yet dangerous to the necessary easing of international tensions.

The Decision Will Come in the Economy

Our reply to the new situation is not, however, confined to the precise definition of our status in the international arena. It implies, secondly, that it is imperative for each citizen to give of his best each day, so that the GDR

may be further strengthened--because socialism's influence on the struggle for peace depends on its strength.

Whatever problem we may consider--the accomplishment of all our tasks, progress in all sectors of social life--they all ultimately depend on further advances in terms of the economy. At its Seventh Plenum, the Central Committee was able to note that our intellectual and material potential enables us to organize this progress and thus ensure the required rise in output for us to continue successfully to pursue the main task. Our purposeful policy has provided us with solid foundations. Let us just remember our scientific potential, the fact, for example, that some 195,000 people are working in research and development. Let us also recall the educational standard in our country. Half of all our working people are graduates of the 10-year polytechnic secondary school, 63 percent have completed training as foremen or skilled workers, 20 percent are college or technical school graduates. Think also of the basic assets we have accumulated. More than half all our machinery and plant are no more than 10 years old, and roughly a third no more than 5 years.

This provides us with an enormous potential. It is the result of a policy purposefully directed to the needs of our country. It is also the source of our ongoing economic and social advances, because we are using it sensibly, prudently manage our "golden treasury." "Our economic future, in fact the prosperity of our country, depend on keeping up with the foremost ranks of the scientific-technological revolution in its worldwide tempestuous advance."⁵

Two events of the past year, especially, speak for the claim that we are capable of the needed increase in output, are able to guarantee the stability and continuity of economic and social progress even in hard times: Significant advances were recorded in the intensification of production; we also succeeded in safeguarding economic growth by the use of domestic resources, backed by fraternal cooperation with the Soviet Union and the other partner countries in CEMA. Scientific-technical progress speeded up and was better exploited in terms of the economy.

Thirdly, confidence in our strength relies on the working people's readiness for service, demonstrated umpteen thousand times. Concrete steps are being considered and initiated everywhere to tackle the new stage in the implementation of our economic strategy "toward greater efficiency by new technologies and products." We are concentrating all our efforts on organizing the lives of the citizens to be more attractive, steadily more prosperous in the best sense of the word--materially and intellectually-culturally. This is what makes the heart of our party beat faster. It is the meaning of all our efforts, demonstrated in the resolution by 1990 to complete the great push to settle the housing problem. "Nothing speaks more clearly for our optimistic expectation that the future belongs to peace, than the fact that we are continuing with the housing construction program in Berlin and the republic--at a faster rate than heretofore."⁷ Also quite symbolic for this optimism is the comprehensive conception for bestowing even more emphatically on Berlin the image of a city of which all citizens of our country may be proud, an impressive and thrilling city. As the affirmative vote by construction workers from all parts of our country showed, it is a task for all of us to make this, our capital ever more flourishing.

Steady Concern for People

As we know, every important economic task also represents an ideological challenge. It requires us to consult the working people, always ask their cooperation in the preparation of anything new, listen to their suggestions and devote even more attention to their working and living conditions. The meaning of socialism--to do everything for the welfare of the people--is realized precisely in the daily concern for every individual--when, for example, we are about to initiate bold steps toward socialist rationalization.

Economic and social policy represent a unit not only in the total societal meaning; they also need to be so interpreted in the day-to-day management of combines and enterprises everywhere. This is how the confidence in our party's policy is constantly reaffirmed. As each individual constantly experiences the nature of this policy and the socialist society as a whole, his civic and responsible approach to all issues of production and social life is encouraged.

Always to keep this in mind is one of the noblest tasks of our party organizations. This holds true all the more, because the general fate of our society increasingly depends on the socialist mode of thought and conscious action, the total personal commitment of each individual. By creating the conditions for the continuing successful realization of the Tenth SED Congress resolutions, we are showing ourselves equal to the magnitude of the historic tasks at the present time, too.

FOOTNOTES

1. Wilhelm Pieck, "An der Wende der Deutschen Geschichte, Reden und Aufsätze" /At the Turning Point of German History, Speeches and Articles/, vol 2, Dietz Verlag, Berlin 1952, p 303.
2. Erich Honecker, "The Strength of Socialism--A Vital Gage in the Struggle for Peace," NEUES DEUTSCHLAND, 13 February 1984, p 3.
3. Ibid.
4. Speech by Konstantin Chernenko, NEUES DEUTSCHLAND, 14 February 1984, p 4.
5. Erich Honecker, as above, p 4.
6. Erich Honecker, "In Kampferfuellerter Zeit Setzen Wir den Bewaehrten Kurs des X. Parteitages fuer Frieden und Sozialismus Erfolgreich Fort" /In Embattled Times We Successfully Continue on the Proven Line of the Tenth Party Congress for Peace and Socialism/, Dietz Verlag, Berlin 1983, p 30.
7. Erich Honecker, "The Strength of Socialism..." as before, p 4.

Technology and Science

East Berlin EINHEIT in German Vol 39 No 3, Mar 84 (signed to press 10 Feb 84)
pp 199-206

/Article by Herbert Weiz, SED Central Committee member, deputy chairman of the Council of Ministers, Minister for Science and Technology: "Science and Technology for our Country's Present and Future"

/Text/ The policy of the Tenth SED Congress is directed to the preservation of peace and the ongoing realization of the main task. It requires a significant rise in the output of the national economy, sustained by the speed-up of scientificotechnological advances. At the Seventh CC Plenum, especially in the orienting speech by Comrade Erich Honecker, a clear concept emerged for the further realization of the party's economic strategy in current and foreseeable developmental conditions. Arising therefrom are new tasks and criteria for research and technology, the improvement of their national efficacy.

Basically we need to exploit the entire potential of science and technology to advance the process of comprehensive intensification by the speeded-up renewal of products and processes and give its stable foundations in order to enable us to develop greater internal sources of growth and gain the maximum increase in economic power. More than ever must the development of our country's productive forces draw its vital impulses from science and technology, the purposeful utilization of natural science-technical perceptions in all sectors of social production. The goals of our research and the utilization of the results arising therefrom are determined by the welfare of the people--the needs of men, the requirements of the national economy, our advance toward the developed socialist society and the reliable defense of our achievements.

Growing National Performance Contribution

Trends since the Tenth SED Congress variously confirm that the potential offered by the scientific-technological revolution has become a main direct reserve for the growth in the performance and efficiency of the national economy. They confirm that here as elsewhere, every serious and genuine advance in the development of modern productive forces now--and even more in future--is bound to be rooted in scientific findings.¹ The growth of our economic strength, the rapid advance in the efficiency and quality of social production in the first 3 years of this Five-Year Plan persuasively reflect the increasing productivity of scientific-technical work at the Academy of Sciences, the universities and colleges, in industry, construction and agriculture.

-- The capacity of the material-technical base was raised substantially. A third of our machinery and plant is no more than 5 years old. While 33 percent of the production equipment was automated in 1950, the present figure is 51 percent. Our 32,000 industrial robots are well within the five-year plan targets and developing increasing reserves for the improvement of labor productivity. Scientific-technological solutions made quickly available have enabled us in the course of 3 years to replace liquid energy sources for heating.

-- Year by year more new products and processes are being transferred to production; 5,500 in 1983 alone. We were thus able to achieve the output of new products to a value of M60 million, and this meant an increase in the renewal rate of industrial production from 12.6 percent in 1980 to 17 percent in 1983.

-- The output of top products for the public supply, exports and the national economy was significantly raised. Industrial goods production with the "Q" quality mark, for example, increased from about M42 billion in 1980 to M70 billion in 1983. The production structure features steadily greater refinement. This is demonstrated by (among others) the advance of microelectronics, the growing proportion of machines and equipment with modern controls, improved metallurgical products, in plastics, glass, ceramic and textile products with outstanding functional values.

-- Scientific-technical services enabled production consumption to be substantially reduced and the efficiency of live labor improved. In 1983, for example, we succeeded in conserving 15 million tons raw brown coal equivalent, 520 kilotons rolled steel and 545 million man hours.

The higher standard of research and technology and the improved economic utilization of scientific-technical results contributed significantly to the realization for more than 10 years of an average annual 4.6 percent growth of the national income--almost entirely by improvements in labor productivity--and, for the past 2 years, to the achievement of this economic growth while reducing materials and energy consumption in absolute terms. All this demonstrates that we have succeeded in the course of implementing the party resolutions to better concentrate scientific-technological efforts on the most important economic processes.

From these results and the ensuing valuable experiences on how to successfully handle scientific-technological work, we note in general that we do have the strength and the capacity to keep step with the fast international rate of advance and to achieve the greatest possible national efficiency of research and development. That is an excellent starting base for accomplishing the necessary and considerable increase in national output and efficiency.

Gaining Knowledge--The Source of Greater Efficiency

Our scientific-technological efforts are now geared with the greatest energy to the next step toward the realization of the economic strategy described by Comrade Erich Honecker in the phrase "by new technologies and new products toward greater efficiency."² This strategic orientation represents a serious challenge to the roughly 195,000 people employed in research and development and involved in some 24,000 assignments of the plans science and technology in all sectors of the national economy. Intelligent and well considered management must ensure that the productivity of their work is steadily raised. We must accomplish scientific-technical top performances and ensure their rapid economic utilization so as to develop for the dynamic growth of the economy the national effects inherent in a high percentage of newly developed products, processes and technologies.

In many product ranges our combines must now achieve a renewal rate of production amounting to 30 percent and more per annum on the basis of their research and development results. That is indispensable for the organization of an efficient output and export structure and, consequently, the ability to be competitive on international markets, speed up rationalization in the national economy and satisfy the public demand for new consumer goods. A fast rate of renewal provides the base for advanced rates of labor productivity improvement, ongoing output growth coupled with the conservation of resources, for repelling all imperialist blackmailing attempts. All in all the rapid renewal of products and technologies needs to result in a meaningful improvement in the cost/profit ratio by way of steadily greater refinement. It is therefore an absolute necessity further to raise the capacity of the scientific-technological potential of combines, academies of sciences and universities, and to speed up even more the already initiated concentration of the research and development potential on the decisive national renewal processes.

The crucial necessity is that of mastering the key technologies that will be decisive until the end of this century and appropriate to our modern and efficient economy. Microelectronics and their applications must provide the greatest push in speed and efficiency now and in future. Especially with a view to the still increasing rate of advance in this field, we need more efficiently to use our opportunities for their faster development and broad application in all sectors of the national economy. In the foreground is the guaranteed availability of an efficient component base and its use for internationally competitive finished products, in particular computers, office equipment, communications, control and automation equipment, testing equipment and scientific device construction. To achieve the efficiency objectives set for the use of industrial robots, research and technology we mainly need even better to integrate robots in technologically processes and further improve their reliability, flexibility and "intelligence."

The technologies of coal refinement, chemical and metallurgical processing also must be made to represent outstanding pillars of intensification. In addition, and consonant with international developments, we will primarily address such promising fields as technical ceramics, fiber optics, biotechnologies on the basis of genetics and immunology. We are emphasizing all these basic technologies in our scientific-technological work, because they represent vital performance reserves for the entire national economy.

We continue to devote the greatest possible attention to rational energy use and energy availability. Despite the progress achieved, much remains to be done, especially to profoundly affect by scientific efforts the most energy intensive technological processes. Within this broad range of assignments is the rationalization of the operation of 21,000 industrial furnaces as well as the development of energy conserving light sources and drives. A scientific-technical standard commensurate with international advances must be guaranteed for the production of brown coal from deposits confronting us with ever greater difficulties, for the efficient output of electric energy in convention and--increasingly--nuclear power plants, combined with reliable nuclear safety and protection from radiation.

Important process research and development is required to further refine our brown coal as a raw material for the chemical industry (by gasification and methanol chemistry, for instance), more profoundly to split oil and convert our wealth of silicate raw materials, salts and clays into valuable and versatile anorganic chemical products and materials. Considerable capacities are directed to the development of more materials by way of processing available nonferrous metals (copper and tin ores and other mineral raw materials), thus conserving costly imports. Moreover, the processing and utilization of secondary raw materials ("secondary" in name, not in importance) is a priority issue for our technology. All these efforts serve to gear the entire materials base more resolutely to domestic raw materials.

To continue with the speed achieved in lowering special materials consumption, we need to further improve the mass/performance ratio of the products on the basis of modern design principles and a materials assortment that with increasing thoroughness exploits the technologically achievable qualities. The improvement of the reliability and extension of the useful life of products by the reduction of wear and tear and corrosion is involved just as much as the development of new processing and production procedures.

To raise productivity and lower costs in terms of the national economy, we must award priority to the creation of the scientific-technological bases for the automated manufacture of components and the equally automated assembly in the metal processing industry. At the same time this represents the greatest possible challenge to the development of the necessary machinery and equipment, of testing equipment with efficient sensors. We must consider from every angle and learn to handle far reaching changes at work and in daily life, arising from the linking of microelectronics, computer technology, new methods and principles of information transmission and processing. Our socialist conditions offer us the certain knowledge that this complex change proceeds hand in hand with the steady improvement in working and living conditions.

In the interest of the efficient preparation of speeded-up process and product development, it is indispensable to gain even stronger impulses for new techniques and technologies from the thorough study of the inevitabilities of animate and inanimate nature, whether for the manufacture of special polymers or thin layers, of crystals with particular optical and electronic qualities, or for the purposeful increase in the performance of micro-organisms.

Often new processes result from our steadily improving mastery of extreme conditions and demands with regard to pressure, temperature, physical fields, chemical purity, mechanical precision. By means of special technological equipment and advanced testing techniques smaller and smaller structures are made accessible as well as elementary processes get-at-able and technologically usable while they flash by. We thus enjoy excellent starting positions in the field of the study of boundary surface processes or the modification of surfaces--vital for the transition to even more advanced integration of electronic components. On the mastery of extremely high pressures depends much in the production of superhard materials. These again are a vital link in new technologies and the need to exceed earlier performance limits in processing materials. To learn to handle such new techniques, create usable basic solutions

for them in basic and applied research is a matter of increasing importance on the way to better quality and efficiency.

The worldwide scientific-technological revolution expands the spectrum of promising opportunities, shifts the orienting emphases in research and equipment, and gives rise to entirely new directions. We are therefore confronted with the problem of selecting the objectives and approaches of our efforts with regard to the natural sciences and technology. The importance of strategic-conceptual work increases; after all, it must tell us which of the technical innovations are needed and feasible in order even in difficult external conditions to have available the means for satisfying social demands. It is necessary to define those innovation processes and translate them to concrete targets by the state plans science and technology, which are vital for a promising production and export structure, for comprehensive intensification. It is an undeniable advantage of socialism that it is able to raise and answer these questions from a total societal aspect, and it is an advantage we must utilize consistently.

Strategic work for the scientific-technological development in the national economy requires a broad base. This is provided mainly by those who are best qualified to appraise events and prospects in science and technology. A great deal of responsibility is exercised by the research council which is composed of distinguished scholars of our country. Still, strategic efforts are indispensable also in each combine, enterprise, research and development facility, in order as accurately as possible to define the specific performance contribution available now in terms of future economic needs. In the course of analytical-forecasting work we must always bear in mind these words: Whatever we do now, we do with an eye on the future; but the best and most far sighted vision does little good if topical problems fail to be dealt with.

Research Cooperation with the USSR Widens the Horizons

Scientific-technical cooperation with the Soviet Union is of the greatest value for the accomplishment of our tasks for today and tomorrow; it involves the steadily closer linking of the intellectual and material potentials of our countries. The far reaching agreements concluded by Erich Honecker, SED CC general secretary, and Yuri Andropov, CPSU CC general secretary in May last year outlined the long-range objectives. This cooperation--now cemented by almost 200 government and ministerial agreements--will be characterized in future also by the fact that the research and development facilities of our country directly cooperate with leading Soviet institutes in decisive fields of study. Assuming that the further economic development in both countries will feature intensification as a prime objective, the respective key technologies must evidently move to the center of scientific-technological cooperation also.

We have learned from experience that advanced objectives of research cooperation are increasingly important for the growing efficiency of total economic cooperation. Much to the fore now are the highest demands on the technical standard and quality of the products of the exchange of goods. Machinery, equipment and appliances must allow the respective user in the fraternal country achieve the highest possible productivity, based on ultramodern equipment

and far reaching automation as the result of joint or coordinated research. The call for the extensive conservation of energy and materials, the more rational use of natural resources, coupled with the greatest protection for the environment, means that scientific-technological combinations must steadily enlarge the arsenal of new processes, technologies and equipment for refinement and increasingly create entirely new solutions up to their application in the economy.

The GDR's increasing involvement in the fulfillment of USSR programs for the speeded-up development of consumer goods and food production also largely affects scientific-technical cooperation. This is concerned with the steady improvement of functional values and the more rational manufacture of traditional merchandise as well as with the joint development of new, state-of-the-art products. This research cooperation is extremely useful for us, because it serves to open up a stable export market as well as secure our raw material supplies for a long time to come.

For the reciprocal give and take in research and development, the reconstruction of manufacturing plant up to standardization to evolve in an even more fruitful manner, great challenges confront our scientists, combine and enterprise managers with regard to the standard of their contributions, their thoughts and actions. The same applies to our proposals regarding the coordination of the main directions of science and technology in the two countries. This coordination is now being settled for the period through 1990 and beyond, to the year 2000. The intensive exchange of opinions between scholars and senior economic cadres in the GDR and USSR concerning this coordination is aimed at a uniform scientific-technical strategy for the main areas of technical progress. This is immensely important because the approach to be taken is thereby made more secure and new horizons are opening up for our cooperation.

High Standard and Rate of Advance--The Condition for Economic Success

The enormous economic effects of scientific-technological progress call on the combines and enterprises to show themselves equal to the increasing demands on their performances in the entire cycle ranging from science, technology and production through marketing, and to quickly respond to current requirements. This means first of all for science and technology so to be integrated in the reproduction process, that they may indeed operate as a "factor," the "function" of the production process.³ Science and technology, incorporated organically in intensively expanded reproduction following the development of the combines, must now assume an increasingly active role. Corresponding to the greater economic criteria for scientific-technical work, this calls more than ever for advanced performance targets of the plans science and technology and uncompromising efforts for their all-round fulfillment. The planning of science and technology, complete with early preparation, introduced in accordance with the party resolutions, represents an important prerequisite for securing the material-technical base for carrying out research and development tasks and base the performance objectives of the combines on the planned results of scientific-technological progress.

Economic commonsense commands us to take care to earn the greatest possible profit from the results of research and development. "Combines must turn into

the economic users of all that the development of modern productive forces offers with respect to intensification."⁴ That includes the responsibility for creating all material, technical and personnel prerequisites for such output quantities or production volumes to be achieved quickly--without long starting-up times--as may satisfy domestic demand and be used to exploit sales opportunities on foreign markets against high foreign exchange earnings. The use of modern technology is indispensable for this as is product-concrete management and planning of the new item production.

The necessary economic starting point and the scientific-technical objectives oriented to the most advanced international standards and trends must be clearly defined at the time the assignment is given. This is often at least as difficult as the accomplishment of the task itself. Herein lies the great importance of the work with the tasking workbooks. Realizing the objectives outlined in them calls on the researcher as well as on those responsible for the rapid transfer of the results to the economic cycle of the combine, to take up the proper battle stations, according to the principle that the original research result, far exceeding the known and hitherto realized standard of knowledge and superior to international competitors, remains the basic prerequisite for the greatest possible national profit. In this meaning it is imperative further to raise the innovative standard and even more resolutely march forward to virgin territory.

More and more does the development of a product or a technology proceed by means of a precise division of labor that needs to be tightly organized and managed. This is necessary on the one hand to give the widest scope to the creative search and, on the other, save as much time as possible on the way to production effectiveness. This means new criteria also and in particular for ensuring the necessary cooperation services, the standard of component supply.

To get from research to mass production in the briefest possible delay necessarily implies the further growth of rationalization aid construction, the purposeful development of in-enterprise construction of research equipment. We must be even more guided by the need for the absolutely latest findings to be converted to material-technical results and to offer prototypes of devices and equipment.

For the work in the scientific-technical facilities of the Academy of Sciences, at the universities and in the research centers of industry, it is indispensable to expand the construction of scientific devices well above the average. People simply must understand that it is impossible to buy the specific devices needed for new and original developments. The satisfactory results in the field of ultra-high speed spectroscopy and measurement as well as special laser development demonstrate the promising opportunities.

Brief development and transfer delays, flexible responses to customer needs also and above all necessitate the substantial improvement of the productivity of the design and technological preparation of manufacture. Involved here is the need to increasingly emphasize planned working methods using computers, drafting at the display terminal complete with access to computer capacities and data banks. Together with the speeded-up development of the appropriate equipment technology we must make sure that the necessary programs are made

available at a high and user friendly standard. The plans science and technology provide for a considerable use of this potential.

Challenge and Encourage Creativity by Prudent Management

These tasks generally also involve the issues on which the management and planning of science and technology needs to focus. The party leadership devoted more and more attention to this aspect and oriented the politico-ideological work of party organizations and managers accordingly. It is specially necessary to encourage and develop modes of thought and behavior oriented to the national importance of science and technology, to promote a climate for creative work that is conducive to the achievement of that which initially appears out of reach.

To achieve the greater national effect of science and technology includes the need more strongly to develop economic thinking in the research and development sectors. The measures for the closer linking of planning and economic accounting in the field of science and technology serve to promote the common interest of research and production in advanced scientific-technical and economic performance. They are not least directed to take into account even more of the subjective factor in research and development, stimulate outstanding performances and improve the cost/profit ratio. The fact has often been confirmed that the end result depends vitally on the consciousness, the knowledge and ability, the creative commitment, the collective cooperation of researchers, engineers and innovators. The rapidly growing demands on output challenge every single individual to contribute his entire knowledge and skills. It is therefore all the more important for the party organizations to direct their influence toward the purposeful development of the readiness and abilities of the collectives and each researcher, and toward the creation of a performance-oriented climate. Daily work must increasingly be determined by the perception that top scientific-technological performances represent the intelligentsia's most effective contribution to the further realization of our social strategy.

In this meaning the tremendous opportunities for the moral and material stimulation of great creative results must be better utilized by the managers, the performance principle consistently enforced. Assignment-related performance bonuses and target premiums have proved to be most appropriate for encouraging initiative, the readiness to take risks and original ideas. Reservations in this context indicate some lingering suspicion of science, fear of difficulties arising from the performances contributed.

To be deepened further is the consciousness of the quick obsolescence of knowledge, the readiness constantly to learn, acquire new qualifications, often even to retrain altogether. This is the only way to take note of the objective process of change to which not only manufacture but just as much research, development, design and technology are subject. The advance of the productive forces more and more profoundly affects direct scientific work. Modern engineering is very different from engineering 50 years ago, and the engineer of the future will work very differently from the engineer of today. To meet these challenges has nothing to do with age or training but everything to do

with our attitude to the new. While all these changes are going on, creativity remains the most important consideration, and the need for it continues to grow.

From this aspect the many initiatives of young people in the field of science and technology are the reflection of great social commitment and confidence in the future. This is well demonstrated by the Fairs of the Masters of Tomorrow, the inventor competition of youth and the youth projects in the state plan science and technology. It is also evident in the youth research collectives who are achieving magnificent results, for example, in the central youth project "industrial robots" and with regard to important issues involving the utilization of domestic raw materials.

We may tackle the rapidly increasing tasks of scientific-technological progress with optimism and self-confidence. More than 1.5 million college and technical school graduates work in our national economy; important contributions are made by the initiatives of the millions of innovators and members of the Chamber of Technology. On the basis of our party's far-sighted policy, the GDR meets all conditions for ongoing successful advances in science and technology, in order--in the interest of strengthening socialism--in future also to keep pace in the international competition in this field.

FOOTNOTES

1. See "Bericht des Zentralkomitees der Sozialistischen Einheitspartei Deutschlands an den X. Parteitag der SED, Berichterstatter: Genosse Erich Honecker" /SED Central Committee Report to the Tenth SED Congress, Reporter: Comrade Erich Honecker/, Dietz Verlag, Berlin 1981, pp 49/51.
2. See Erich Honecker, "In Kampferfuellter Zeit Setzen Wir den Bewaerhten Kampf des X. Parteitages Erfolgreich Fort. 7. Tagung des ZK der SED" /In Embattled Times We Successfully Continue on the Proven Line of the Tenth Party Congress. Seventh SED CC Plenum/, Dietz Verlag, Berlin 1983, p 30.
3. Karl Marx, "On the Critique of Political Economics" (manuscript 1861-1863), Marx/Engels, Collected Works, second section, vol 3.6, Dietz Verlag, Berlin 1982 , p 2060.
4. Guenter Mittag, "Oekonomische Strategie der Partei--Klares Konzept fuer Unser Wachstum" /The Economic Strategy of the Party--Clear Concept for Our Growth/, Dietz Verlag, Berlin 1983, p 72.

Technological Expansion, Benefits

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pp 207-212

[Article by Karl Hartmann, director of the academic field Political Economy and Economic Sciences at the Karl Marx Higher Party School of the SED Central Committee: "Growth Factor Technology"]

[Text] The speed-up of scientific-technological advances and their increasingly effective economic utilization are the pivots of economic growth necessary for the further realization of our social policy. Technology, advances in the introduction and use of new technologies, have an important role in the accomplishment of this priority task of our party's economic strategy, because they are the ones to mainly provide lasting and profitable contributions. Modern technologies are of vital importance for increasing the extent of production renewal, significantly improving product quality and raising output with less manpower, energy, materials and basic asset resources. Their use eliminates the necessity of, for example, paying for manpower savings by the greater expenditure of embodied labor and thereby develops a considerable efficiency potential. Precisely for this reason Comrade Erich Honecker described the new steps required for implementing our economic strategy by saying: "By new technologies and new products toward greater efficiency."¹

What are the bases of the economic effect of technology in our society?

1. Technology makes the findings of natural sciences production effective, steadies them and opens the way to mass application. Consequently it guarantees rising labor productivity on the one hand and further improvements in the working people's living conditions on the other. In our society technology studies the inevitabilities governing the translation of the findings of natural science to socialist production as well as the conditions in which this happens. It changes--so to speak--theoretical perceptions to productively applicable operating principles or processes and to the working equipment needed for their application.

2. 1984 is expected (for the first time) to see the produced national income rise faster than industrial goods production. It follows that the reduction in production consumption turns into a prime factor of growth and efficiency. In 1980, 6 percent of the growth of the national income derived from the lowering of specific production consumption; in 1982, 83 percent of this growth originated from that source. At the present time and in the coming years it will be necessary to achieve national income growth together with the absolutely declining use of energy, raw materials and other materials. This implies greater challenges to technological progress, because no materials or energy conservation problem is now unrelated to technology, whether directly or indirectly. For example, we are sometimes confronted with what appears like a raw materials bottleneck but in fact is often merely a technology bottleneck. Let us just consider the enormous potential raw materials savings likely to develop as a result of technologies producing greater refinement. Technological progress is increasingly becoming the spine of an economically more effective raw materials circulation, because, in the long run, 5-10 percent

annual rates of decline in specific materials and energy consumption can definitely not be achieved by traditional methods. On the agenda, therefore, are new technologies, designed comprehensively to utilize all primary raw materials and energy and, ultimately, increasingly provide closed raw material cycles, eliminating entire production stages, realize miniaturization and light construction methods.

3. New technologies enable us comprehensively to modernize and more efficiently use our available capital equipment, so that labor productivity may achieve a high standard and the basic asset rate rise in all production processes. Lastly, the economic benefits of modern technology find their culmination in the fact that they enable us simultaneously to conserve manpower, investment and materials costs per product or functional use unit. This applies not only to microelectronics and robot technology but also to discernible trends in the field of biotechnology. These latter already suggest future economic effects of considerable dimensions.

4. Technology seriously affects the job content and working conditions of the working people. It largely decides the method of cooperation between man and machine as well as the division of functions between them and obviously also affects the cooperation between the people engaged in the labor process. We want modern technologies to help make work more meaningful while productivity grows, heavy manual labor is reduced and work hygiene improved. These are particular consequences of the fact that "by the use of these technologies (man) increasingly (leaves behind) the production process for material goods and...(turns into) the creative organizer and controller of socialist production processes."²

The Schwedt initiative persuasively confirms that such positive effects in significant dimensions may be achieved by modern technologies and scientific labor organization. In Frankfurt (Oder) Bezirk, for example, 14,000 jobs were made redundant, so that two new plants--one petrochemical, one metallurgical--were able to begin operations, while other manpower could be employed to accomplish such challenging tasks as the construction of rationalization aids and the manufacture of consumer goods. Schwedt was thus able to raise labor productivity more rapidly than output.

In our age, when we note a significant international speed-up in the rate of progress for these processes, the ability to produce, master and broadly use modern technologies increasingly determines the economic ranking of a national economy. All the more compelling is the need for us to arrive at more top performances in this field also. Top performances are those that, at the time of production and marketing, stand up to all international comparisons with regard to technical performance parameters, quality, reliability, energy and materials consumption and, of course, cost also. An additional growth in efficiency can be achieved for our national economy precisely by such top performances--applying Marx's doctrine of the role of science in the creation of surplus values. A notably greater proportion of top performances by comparison with the average is the precondition for guaranteeing the necessary advanced rate of output growth coupled with the thriftiest use of funds and also for getting export goods to the market, that are profitably sold even when competition is severe.

In the accomplishment of the many tasks involved, we are able to rely on the outstanding traditions of our country. Let me just remind you of the world renowned work of such scientists and engineers as Rammler and Bilkenrodt in the field of coal refinement, Winkler in that of chemical technology, Mauersberger of industrial sewing equipment. At the same time we should utilize international experiences, such as the one teaching us that great advances in technology tend to be made wherever highly talented scientists, researchers of high rank and renown, commit themselves to this task and assemble around them open-minded and skillful colleagues with professional experience and an inclination to mulling over all possibilities. In our country the innovator movement is increasingly producing just such people.

In precisely this sense the Central Institute for Welding Equipment in Halle has long been famous. In 1984 its 500 staff therefore consider themselves particularly obligated to produce top scientific-technological performances, especially technologies likely to bring about considerable productivity and efficiency growth--such as the further development of thermal separation coupled with reduced materials and energy consumption. They aim to have this reflected in a further increase in the result achieved by the institute in 1983--44 patents per 100 college and technical school cadres.

Growing simultaneously with the economic importance of top technological performances is their political impact. After all, the issue of technology is more than ever important in the international conflict with the most aggressive circles of imperialism. The faster development and application of technological innovations based on microelectronics, robot equipment, electronic data processing, automatic controls and other modern equipment is currently considered by these aggressive forces as the key to the desired expansion of their political, military and economic status. The greater is the responsibility of all those who work in this field in our country to commit their best knowledge and skills to the achievement of more rapid advances. The political work of the party organizations must therefore increasingly focus on the mass organization of scientific-technological creativity, on greater emphasis on the efforts for top performances. The party organizations must always do their work inspired by the conviction that the power of socialism is quite definitely decided by its ability to gain more ground in the field of the scientific-technological revolution.

A New Rationalization Push

The needed improvement in labor productivity requires us to use technological progress to the fullest for socialist rationalization. Consequent on the worldwide trends of science and technology this means first of all that traditional technologies must be perfected. That can still produce important increases in efficiency and social effects. Secondly we must increasingly unlock the potentials arising from a combination of traditional and quite novel technological operating principles. Thirdly it is imperative more and more emphatically to focus on modern technologies and quickly disseminate them, because their use decisively raises the technological standard of production, and the efficiency limits of traditional technologies are far exceeded thereby. It is typical for these new technologies that they lend themselves to providing the

essential prerequisites for fully automating more and more production processes. Consequently the transition to extensive automation can proceed on a broader front, utilizing the equipment available.

The infrastructure of the national economy's entire development in the coming years is represented by economic solutions based on microelectronics, modern processing chemistry, robot equipment and the use of automatic controls as well as the greater refinement of production, based largely on modern technologies as such. This perception, emphatically reaffirmed by the Seventh CC Plenum, is of fundamental importance for the 1984 economic plan and, beyond it, for the preparation of the next five-year plan. "We must now tackle many scientific developments, new technologies and rationalization projects, which will then significantly affect economic efficiency, and we must now take the economic decisions that will affect them."³

Each combine and each enterprise therefore needs its own, well-prepared concept both for the resolute utilization of conventional technologies and for the speeded-up development and broadly effective application of new ones. This requires not just an open mind to scientific innovation as such, it challenges the ability to properly appraise the social prerequisites and consequences of technological development now and in the future. It addresses managers in particular. It includes the need, on the basis of uncompromising world standard comparisons, to make the appropriate time and quality parameters the yardstick of their own work--consonant with top scientific-technological standards.

The Bitterfeld Chemical Combine VEB is one of the combines that have already embarked on such preparations in accordance with the economic responsibilities. A program was drafted there for the comprehensive technological renewal of fixed assets. Its chief emphasis: The research potential and material capacities are to be concentrated primarily on the preparation and use of highly efficient technologies. They are the starting point for the modernization of the existing capital equipment as well as for the development and production of novel tools. These experiences were taken up by the Wilhelm Pieck Mansfeld Combine. In order to turn out new and competitive products, this combine is emphasizing efforts even more efficiently to use microelectronics and robots, apply new technologies for metal forming and, by new functional values of the best possible quality, fully to gear itself to the satisfaction of customer needs.

Doing Technological Work of a New Kind

Just as the life of a new product really begins with basic research, new technologies also emerge from basic research. Every genuine advance in the development of modern productive forces has its roots there. It is therefore imperative to achieve an innovatory standard in research and development, which will enable us to record breakthroughs and performance of international rank in sectors decisive for the national economy. At the same time, basic researchers hold a great deal of responsibility for the productive utilization of their findings, the integration of technological and basic research and the latter's early and close cooperation with production. "The dimensions of

this work and the creative challenge to technology and process development are not always appreciated by basic research. And yet, mathematics-natural science research is legitimized as a productive force only by technology and the production based on it."⁴

The achievements of basic research are fully utilized only when, parallel with basic research, technological-technical developments are simultaneously pursued, providing satisfactory starting conditions for future mass production by technological research concerning the modernization and mastery of the material-technical base. To acknowledge this demand obviously means to make an end of the still persisting disparagement of the scientific work of technologists.

Though in the past technology was in fact of a definitely empirical nature by comparison to other sciences, it is now expected to understand the profundity of basic natural science processes, study their nature and therefrom derive the scientific bases for translating these natural science processes into stable and reproducible technical processes and means, which correspond to the economic and social needs of the socialist society. It must increasingly develop entirely new operating principles which can actually not be deduced from empirical investigations at all, because the processes--for example in biotechnology--do not admit such an approach, being based on the theoretical perception and application of natural laws hitherto either not used at all or barely so.

These considerations of the importance of technological research have long been familiar to many efficient combines. In the Fritz Hecker Machine Tool Combine, Karl Marx Stadt, for example, technological research disposes of only about 20 percent of the research and development potential but contributes at least 50 percent of the rise in labor productivity. On the other hand, combines not yet aware of the value of technological research, constantly find themselves caught in a vicious circle: Because they neglect this research, they often encounter problems in current production, and technological servicing gets to be much too expensive. Incidentally, progressive combines do not consider only technologists with respect to the improvement of the efficiency of the technological potential. They also establish the technologists' socialist cooperation with the designers. The designer must now be expected to design his product appropriate to the prevailing technology, the technologist to actively affect product design from the standpoint of technological advances.

Performance comparison between the technological sections provides important perceptions for the use of the technological potential and the improvement of its economic yield. There are definite impulses for disseminating the most advanced knowledge and reducing unwarranted differences.

Technology and Product Development

One of the outstanding ideological problems in the effort for top performances and better sales results is the insufficient understanding for the unity of technical and economic product parameters. While everyone now appreciates that products with poor technical functional value parameters are difficult

to sell, products involving high manufacturing costs are still regarded as salable by many people. They excuse themselves for the fact that such sales are possible only at a loss. Such attitudes must be much more resolutely opposed. We may not allow any violations of the principle that a new and better product must be "confirmed mainly by its greater efficiency."

The actual utility of a product depends largely on its quality parameter and manufacturing costs. Consequently it is determined mainly by technology. Unduly high costs of technically satisfactory products are often due to obsolete manufacturing equipment. Top products therefore require top technological performances. The objectives in the tasking work books should take these considerations into account. Modern technologies represent an important prerequisite for the earlier manufacture of high-quality products and, by a broad range of new products and the fast rate of the renewal of production, satisfy the demands of domestic and foreign markets. A renewal rate of 25-30 percent is now vitally necessary in many industries for their being able to keep up at international level. The renewal rate of production in the Hans Beimler Locomotive Construction-Electrical Engineering Works Combine VEB, Hennigsdorf, for example, is to amount to 36.9 percent in 1984.

Practical experience has confirmed that the change of product generations is often based on a change of technology generations. Two years is the accepted norm in microelectronics, and the rate of change there will continue to be extremely great. Let me remind you of the development of information technology or entertainment electronics. In the opinion of scientists, only 5 percent of the possible uses have been discovered, that will be offered by microelectronics in the coming 15 years. It is all the more obvious that the available technologies need to be far better utilized with respect to the generation and production of new products. This opens up a wide field for creative search and the design of new products using new technologies as well as their skillful combination with established goods. Of course, this also calls for the individual contribution of each potential user of microelectronics in production, up to and including the consumer goods producers who have barely begun to exploit their scope.

Experiences in the use of modern technologies definitely indicate that the high standard of skills achieved by our working people is the best base for their use at a broadly effective national level. They also point out that it will be necessary in the planning in combines and the party leadership activities to devote the greatest possible attention to the thorough and long-term preparation of the working people for the use of modern technologies. Not only because each individual needs to learn new skills, and because modern technology is virgin territory for many workers and engineers. Demands increase on the flexibility of skilled workers, their ability over and over again to understand new economic and technical interrelations. Work is getting more varied and more interesting. For engineers, too, the use of modern technologies is linked to greater challenges to the comprehensive appraisal of the technological, economic and social processes. This holds true all the more because, in many respects, technology must represent the intellectually accurate prior calculation of the future production process commensurate with

with top world standards. Preparation for the use of modern technologies is thus demonstrably a creative process involving not only the application of new knowledge but also the generation of new perceptions by inventors and innovators.

FOOTNOTES

1. Erich Honecker, "In Kampferfuellter Zeit Setzen Wir den Bewaehrten Kurs des X. Parteitages fuer Frieden und Sozialismus Erfolgreich Fort, 7. Tagung des ZK der SED" /In Embattled Times We are Successfully Continuing on the Proven Line of the Tenth Party Vongress for Peace and Socialism, Seventh SED CC Plenum/, Dietz Verlag, Berlin 1983, p 30.
2. Kurt Hager, "Gesetzmaessigkeiten unserer Epoche - Triebkraefte und Werte des Sozialismus" /The Laws of Our Epoch - Driving Forces and Values of Socialism/, Dietz Verlag, Berlin 1983, p 44.
3. Erich Honecker, as before, p 26.
4. Werner Scheler, "Interrelations between Basic Research and Production," EINHEIT No 8/1983, p 729.
5. Erich Honecker, as before, p 32.

Technological Change: Techniques, Results

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/Article by Irene Fischer, deputy chairman of research for the chair of Industrial Economics at the Karl Marx Higher Party School of the SED Central Committee: "Modernization of Fixed Assets"/

[Text] Thorough intensification of the economic reproduction process evidently includes the need more rapidly to raise the national income and labor productivity than the fixed asset stock of our economy and the capital equipment per employee in the producing sectors. Better to utilize available fixed assets, indeed to achieve a turnaround in fixed asset management in the meaning mentioned above--the prerequisites for doing this are to hand. They are the significantly increased wealth of fixed assets, the greater extent of equipment automation.¹ A notable improvement in fixed asset management can be achieved on this basis, provided all opportunities for the better timewise utilization of fixed assets are exploited, and the modernization of existing plant and comprehensive rationalization enables us to introduce modern technologies all across the national economy and guarantee advanced productivity and output results.

Combines and enterprises are increasingly moving in this direction. The modernization of the tetrachloral plant in the Bitterfeld Chemical Combine VEB, for

example, required only 10 percent of the investment spending that would have been needed for a new construction. Nevertheless it resulted in the doubling of output coupled with 20 percent less production consumption and improved working conditions. The Magdeburg Karl Marx Fittings Plant VEB is planning to make several machine tools more efficient by equipping them with hydraulic or compressed-air cutting mechanisms and modern electronic controls. Labor productivity will then rise more rapidly alongside the growth of the fixed asset equipment.

Unfortunately this approach is not yet universal. We still come across the view that the growth of efficiency requires first of all a rise in investments. Sometimes we are even told that scientific-technological advances cannot possibly result in the improvement of fixed asset management, because they "inevitably" require the complete reequipment of production so as to replace manual labor, in other words economize live labor. Science and technology, these people claim, enable us to economize fixed assets only in later stages of development.

Such notions are based on the formal transfer of the economic prerequisites and consequences of technicalization in the conditions of the first industrial revolution to the present-day scientific-technological revolution. As the example of the use of industrial robots shows us, these people neglect the following interrelations:

1. International trends of robot use demonstrate that the time frame during which the freeing of live labor is "purchased" by a relatively high once-only expenditure, is shrinking steadily.
2. We must start from the assumption that robots usually complement and modernize already operating machines, machine systems or plant, in fact often result in an overall modern solution. This fact significantly affects fixed asset efficiency, and that efficiency rises to an above average extent if the greatest possible utilization in terms of man hours is ensured. The better linking of robot deployment with comprehensive rationalization measures provides the greatest possible growth of efficiency, and so does--to an even greater extent--the use of robots as the nucleus of the conversion of entire technological processes in direction of fully automated sets requiring little operating personnel.
3. Robots are getting cheaper; by the use of more efficient technologies for their production; by the better utilization of the division of labor in the combine and regional cooperation for the in-enterprise construction of robots; by advancing model standardization, the standardization of robots as such and their components; by the increased subsequent use of existing solutions as well as the perfection of robot equipment.

Modernization--The Result of Technological Progress

The example of robot deployment points up one of the very profitable new basic trends of technological progress in our time: The appropriateness of combining new and traditional operating principles. Combination allows the

achievement of a significantly high standard of efficiency, the full development and expansion of the efficiency potential of traditional processes, so that it is not necessary to altogether replace these processes. When we look at a robot, we see that the traditional operating principles are embodied mainly in its "mechanical part," in other words the actual production equipment, while the control devices embody the new technological operating principles of microelectronics. It is this combination that bestows on robot equipment its revolutionary effect.

The combination of traditional and new technological principles is also demonstrated in the use of robot equipment. The use of robot feeders at machine tools, for example, raises the latter's economic efficiency. It ensures constant and advanced capacity; neither output nor quality vary. At the same time it is possible with the aid of efficient processing tools to raise the processing speed of the actual operating machines. And yet, nothing is changed in the basic technological operating principle of the machine tool.

The possibility of combining traditional and new technological operating principles in the use of robots is also of decisive importance for the modernization of existing equipment. If robot use at machine tools is able to raise the latter's technological-economic standard without basically changing the operating principle embodied in the machine tool, it is obviously unjustified to ask for complete reequipment with new machine tools when robot feeders are to be introduced.

It would run counter to all economic commonsense if we were not to retain whatever equipment is still usable. "Durability is...the precondition for capital equipment...The more frequently it would have to be renewed, the more costly...Its length of life is equivalent to an increase in its productive force."² It would be equally unreasonable not to fully exploit all opportunities for the modernization of equipment, the replacement of components by new and better ones. As long ago as 1858, Engels wrote to Marx that "it is difficult to set a positive upper limit to the life of such machines, because it is quite easy in the case of most of them to renew whatever is used up." At the same time Engels emphasized that many improvements "may be incorporated in the existing framework of the machines."²

When robot feeders are used, it is necessary, for example, to automate other ancillary operations hitherto done manually, such as exchanges of tools, the removal of chips, measuring and testing processes. In fact the modernization of these equipment parts is a compelling economic need, because the effects achievable by the automation of the feeding function by means of the robot otherwise fail to be fully operational. Such modernization effects are now quite realizable by, for example, the incorporation of the respective controls on the basis of microelectronics.

As Marx shows, scientific-technological progress urges on the modernization of existing equipment.⁴ Modern technologies make this quite obvious. They develop at a fast rate, call for greater breadth of national application and, if they are to help toward the greatest possible efficiency, require quick and

widespread production effective transfer. It would be impossible in economic terms to carry out all such transfers by the reequipment of production.

In research facilities and combines the inevitable connections between technological advances and the modernization of fixed assets are observed with increased attention. The research center for shaping processes in Zwickau, for instance, offers project documents suitable for subsequent use of the shaping presses, plastic processing and injection molding machines. These help the user modernize their equipment by means of internally constructed rationalization aids. Analyses have shown that the conversion of the single presses for sheet metal processing operating in the GDR to "robot operation" makes possible a considerable conservation of manpower, freeing it for other work. This is coupled with improvements in working conditions and substantial savings of investment resources. Labor productivity per job could be raised by up to 500 percent, the costs of transportation, handling and storage processes reduced by at least 50 percent. With the intensive use of the existing fixed assets, we would also be able to conserve energy in the amount of 22-40 percent and materials of up to 10 percent. Ninety percent of the plastics processing and injection molding machines in use could be converted with similar effects on their efficiency.

Modernization Calls for Complex Solutions

Experience has taught us that the modernization of existing equipment pays the greatest dividends when it results in the technological transformation of entire manufacturing processes and sections. It is imperative to switch to complex automated manufacturing processes so as to fully utilize the capacity of robots (for example by multi-machine operation) and optimize process cycles. The man hours saved are not simply taken up at another point of the technological process, and the comprehensive effect of robot equipment is greater.

The transformation of entire technological processes by the modernization of existing equipment requires a high standard of technological work in the combines and enterprises. After all, needed to a far greater extent than before are conceptual technological foresight, the practice of scientific methods in technological work and technological research. It is imperative to comprehend the reproduction process in its complexity and with better anterior preparation from the economic, social, scientific-technological and organizational aspects, in order to be able to improve the technological standard of the total process rather than create single or insular solutions. It follows from these considerations that the coupling of modern technologies with the modernization of existing equipment represents the essential point of any long-range rationalization strategy. In progressive combines, for example, robot use is taken to be a firm element of the long-range modernization strategy. These combines analyze their equipment stock from the aspect of its suitability for modernization and, at the same time, decide the equipment to be modernized in conjunction with the use of robots.

One of the crucial management tasks is that of directing the activities of the work collectives to the introduction of modern technologies. Open-mindedness and commitment to new technologies largely depend on the early involvement of the workers in their preparation and realization. "In socialism, modern technical developments encourage the scientific-technical creativity of the masses

and, at the same time, are definitely dependent on this creativity. Fears of the scientific-technological revolution restricting the opportunities for creative activity have turned out to be unfounded...Its effects yield benefits largely by being linked with existing equipment, complex technological and organizational changes in their surroundings. Accordingly they make really indispensable the collaboration of all those who have knowledge and experience in the use of this equipment."⁵

In this respect our combines and enterprises have available a wealth of experiences and traditions. These are a good starting point for the political leadership of the party organizations to motivate and encourage the tried and tested cooperation of the working people in technological innovations, the indispensable collaboration of researchers, developers and production collectives.

Party efforts must devote much attention to the fact that technological progress includes social changes for the working people in the labor process. Quite often these affect personal life quite profoundly--from the necessary further education and retraining, the transition to shift work by way of working with new types of wage structures, and ranging to a change of work collectives or even enterprises. Individual and explanatory talks about all these personal problems cannot be replaced by any central enterprise information, however skillful. Such personal talks are a source of suggestions and incentives for the organization of jobs and working conditions. This holds true all the more, the greater the empathy of the responsible persons, allowing the creation of a climate of discussion offering a clear prospect for the future to every individual by establishing mutual understanding for personal concerns as well as the interests of the enterprise. This presumes the long-range planning of the social processes linked with technological advances, in other words in good time to foresee the changes of job involved and to assess the future changes in the professional, manpower and qualification structure, the future need for training, retraining and reorganization of work collectives.

By appropriately coping with the social side of the introduction of modern technologies on the management and planning side, we realize two decisive elements of socialist production: The guarantee of the complete coincidence of the use of modern technologies with the interests of the working people as the social motive force and the organization of social processes as a factor contributing to the efficiency of technological progress.

FOOTNOTES

1. See Herbert Weiz, "Science and Technology for Our Country's Present and Future," in this issue.
2. Karl Marx, "Outlines of the Critique of Political Economy," Collected Works, Vol 42, Dietz Verlag, Berlin 1983, p 606.
3. Engels to Marx, Collected Works, Vol 29, Dietz Verlag, Berlin 1983, p 294.

4. Karl Marx, "Das Kapital," Vol I, Collected Works, Vol 23, Dietz Verlag, Berlin 1982, pp 631/632.
5. Kurt Hager, "Gesetzmaessigkeiten Unserer Epoche - Triebkraefte und Werte des Sozialismus" /The Laws of Our Epoch - The Driving Forces and Values of Socialism/, Dietz Verlag, Berlin 1983, pp 44/45.

Summaries of Major Articles

East Berlin EINHEIT in German Vol 39 No 3, Mar 84 (signed to press 10 Feb 84)
pp 194, 288

/Summary of articles by Dr Herbert Weiz, SED Central Committee member, deputy chairman of the Council of Ministers, Minister for Science and Technology; by Prof Karl Hartmann, director of the academic field Political Economy and Economic Sciences at the Karl Marx Higher Party School of the SED Central Committee; by Dr Irene Fischer, deputy chairman of research for the chair of Industrial Economics at the Karl Marx Higher Party School of the SED Central Committee; and by Prof Lutz-Guenther Fleischer, vice president of URANIA (Society for the Dissemination of Scientific Knowledge). A full translation of the first three articles is published in this report/

/Text/ Technology in Our Economic Strategy

The topic is introduced by Herbert Weiz' article, "Science and Technology for Our Country's Present and Future," that explains why and how a high standard of scientific-technological work, the rapid transfer of its results, affect comprehensive intensification. In his contribution "Growth Factor Technology," Karl Hartmann demonstrates the place of technology in this process; Irene Fischer confirms its effects in her article "Modernization of Fixed Assets," and Lutz-Guenther Fleischer emphasizes in his contribution "Technology and Society" that science and technology are socially determined.

/Summary of article by Horst Dettmann, diploma teacher of Marxism-Leninism, secretary of SED Neubrandenburg Bezirk Management, and Dr Juergen Tremper, section manager at SED Neubrandenburg Bezirk Management, pp 223-227/

/Text/ Intellectual-Cultural Life in the Countryside

Starting from the party's basic concern--to consciously use the interrelation of politics, economics and culture for social development in rural areas--, the authors describe experiences gained by the SED Neubrandenburg Bezirk Management in the political management of intellectual-cultural life in the countryside: How are state and social managements helped to exploit the available reserves for the perfection of the socialist quality of work environment, and to be equal to their responsibility for the development of a rich socialist cultural life in each village?

/Summary of article by Dr Dieter B. Hermann, director of Archenhold Observatory, Berlin-Treptow, pp 228-233/

/Text/ Man and the Cosmos

From the beginning of astronomy, development conceptions and creationism have confronted one another in the interpretation of the discoveries of astronomy. Upon fuller comprehension of cosmic events, it was realized that all the objects in the universe and that section of it we can observe--the metagalaxy--are the results of evolutionary processes and, that, consequently, the general laws of materialist dialectic govern these events. The article describes the historic development of our knowledge and deals with its ideological interpretation.

/Summary of Article by Prof Horst Schumacher, department manager at the Institute for Marxism-Leninism at the SED Central Committee, pp 234-238/

/Text/ The Comintern Struggle for Peace and Socialism

In the more than 25 years of its life, the Communist International, established 65 years ago at Lenin's initiative, made an inestimable contribution to the development of the communist world movement. Included therein are its distinction for taking the lead in the struggle for peace at that time. It always considered the struggle against war as part of its dispute with imperialism and, at its Seventh World Congress, explained how imperialist war may be prevented in certain circumstances.

/Summary of article by Prof Heinz Vosske, manager of the Central Party Archives at the Institute for Marxism-Leninism at the SED Central Committee, pp 234-244/

/Text/ Otto Grotewohl--Outstanding Workers' Leader and Socialist Statesman

The life and work of Otto Grotewohl are indivisible from the struggle of the working class, its efforts to unite on a revolutionary basis and its rise to leading political force in our society. He was among the outstanding precursors and creators of the first German workers-and farmers state. At the head of the GDR Government, he was distinguished by his close links with the working class and other working people, by his modesty, statesman-like prudence and a magnificent power of persuasion.

/Summary of article by Prof Annelies Laschitz, sector manager at the Institute for Marxism-Leninism at the SED Central Committee, pp 245-249/

/Text/ Biographies--Enrichment of our Image of History

Biographies offer an opportunity very personally and passionately to write about history, vividly convey historical knowledge and inspire the contemplation of history. Lively publications about significant historic personalities, especially of the workers movement in our republic, demonstrate how much biography has turned into an effective form of presentation, encouraging consciousness of socialist history. Where can we find the potential for even more effective writing?

/Summary of article by Prof Otto Reinhold, member of the SED Central Committee, chancellor of the Academy for Social Sciences at the SED Central Committee, member of the GDR Academy of Sciences, nonresident member of the USSR Academy of Sciences, member of EINHEIT editorial board, pp 250-256/

/Text/ The Crisis of the 1980's in the World of Capitalism

What are the reasons for the contradictory appearance of the current economic situation in the world of capital? What is the role of the interrelation between cyclical and long-range factors? What are the main sources of long lasting crises? What are the crisis exacerbating effects of the arms race and high U.S. interest rates? How can we explain the unduly high exchange rate of the U.S. dollar (risen enormously in a very short time), and what are its effects?

/Summary of article by Prof Herbert Meissner, member and deputy general secretary of the GDR Academy of Sciences, section manager at the Central Institute for Economics at the GDR Academy of Sciences, pp 257-262/

/Text/ The Bourgeois Economy Between Euphoria and Helplessness

What is the main content of Keynes' conception of capitalist management? What are the factors that resulted in the crisis of the state monopolistic economic system based on it? What are the characteristic features of "supplyside" economics; how does it display its nature? Practice has proven the unsuitability of both basic conceptions of capitalist economic management.

/Summary of article by Prof Georg Grasnick, deputy director of the GDR Institute for International Politics and Economics, pp 263-265/

/Text/ An Abyss Between Words and Deeds

Accompanied by massive slander of the Soviet Union, Reagan has lately begun to talk about peace as Washington's "highest aspiration," about the desire to reduce the weapons arsenals and producer "better working relations" with the Soviet Union. What is behind this?

CORRUPTION, THEFT IN RETAIL TRADE DISCUSSED

Budapest MAGYAR HIRLAP in Hungarian 23 Mar 84 p 7

[Article by Lenke Elek: "Our 'Mafia' Corruption, Protection, Theft--Our Trade Ethics and What Is Behind It"]

[Text] A press conference was held in the Ministry of Domestic Trade about trade ethics. Our article was prepared on the basis of this.

Depending on their blood pressure people get bitter, outraged or start cursing when they hear about corruption and payoffs. Of course the person who pays someone off and is acting corruptly is momentarily enjoying its advantage and will not get engaged in debates on morality. But he will soon lose his patience when he is cheated for the tenth time at the butchershop, or is overcharged at the produce stand or at the cashiers.

The time has come to say something finally about ethics in commerce which, of course, covers primarily criminal acts violating the statutes. The Ministry of Domestic Trade indicated: the portfolio's leadership finally considers it timely to deal in the open with this topic.

Without Work

Let's begin with the more serious cases. Retailers, purchasing agents, and store managers working under contract often bribe the wholesalers. Workers in show rooms and warehouses can place retailers in preferential positions in exchange for friendly connections or gifts; at times only those can receive shortage items who arrive with a carton of cigarettes or a bottle of liquor.

So it is not surprising that everything is available (for higher prices) at the private retail store which is out of stock at the state operated store--a typical example for this is automobile parts. Positions taken at the appropriate higher levels are useless, spot checks and holding people responsible are rare, but the profits are huge. Or what can we say about the brand new phenomenon when getting a wind of price increases the private retailers buy up gigantic quantities--with the cooperation of store employees--and thus without work they make tens or hundreds of thousands in minutes.

The retailer will at times pay off the sellers who will notify him in advance of the merchandise's arrival; often the goods do not even make it to the sales floor. At the same time the shortage items are often available from private retailers only when coupled with various services--tires garnished with installation, or goods at TUZEP lots [Fuel and Building Material Trade Enterprise] enhanced with deliveries.

There are also reasons why some retail stores handle wholesale volumes in sales. Why does not the purchasing agent buy for less at the wholesaler's? Because--for a consideration--he receives a fictitious bill. This will show goods which are acceptable at public entities. Fictitious billing cannot be traced afterwards due to the practically general absence of itemized record keeping in the retail trade. On occasion they will ask for a bill when they did not even buy anything--and in essence the store employee provides assistance by this to embezzlement and fraud. At other times employees of nearby stores in different trades will save desirable items for each other.

So far for the most part money changed hands for merchandise, but very often money will take on the shape of other values. Protection can often take care of more valuable things than the hundred or thousand forint bills (such as a job, a "word passed on" in school, etc). In such cases the financial benefit is replaced--perhaps at a later time--by connections, a higher assignment in the enterprise or office, and the benefits derived from that.

Even though in the legal sense it does not satisfy the qualifications of crime, the shopper still considers it theft when he gets fat or sinew instead of meat or if they give him second class rotten fruit as first class. What is behind these cheatings is then really bordering on crime--let's just remember the Bosnyak square mafia, the price increases by whole groups. According to the sad statistics the controllers found incorrect weighing, overcharging or other irregularities costing us money in 35 percent of the purchases. People don't even comment after this, just shrug their shoulders when they see "only" a violation of the standards of commercial ethics: for example, courteous service of the customer during the entire time the store is supposed to be open.

The possibility of causing loss to the consumers is even greater in the restaurant industry. Profiteering is on the rise in cases of group feeding and caterings to ceremonial events, and this has not decreased in the sale of drinks or food portions either. In the industrial items trade irregular measurements are frequent, for example, for steel rods or clothing materials. In the clothing trade the seller usually gets the tip afterwards for the proper size or style of coat or clothing--of course, keeping the merchandise in storage is also a violation of rules.

We admit that the picture is appalling but we all know that it is a true one. What can be done in this situation? The experts of the Ministry of Domestic Trade also posed this question. Deputy minister Dr Ferenc Spilak emphasized: first of all competition must be strengthened which may destroy the basis of bribe and favoritism, the shortage item. The others are only treatments of the symptom, but are at least this important until we arrive at a more lively

market situation. The other one is that we must take advantage of the existing statutes. The sanctions were made more severe last year; the amount of fines which can be levied for failure to render an itemized bill and unjustified withholding of merchandise, as well as for violations related to food and drink menus was raised to 5000 forints from the 3000 earlier.

Violation of disciplines in accounting will "cost" 10,000 forints. Perhaps this latter wording is strange but it indicates the extent to which the rising prices and inspections are in harmony with profit. There are cases where the contractual store manager pays the employee's fine out of his pocket...

It does not hurt to know that the Penal Code imposes one to three years of loss of freedom depending on the circumstances of the case for bribery on the employee of a state enterprise or cooperative who asks for or accepts benefits or the promise of same for violating his duties, or enters into an agreement with the person who requests or accepts such benefit. The buyer who wants to give money to the warehouse worker or store manager can be prosecuted for bribery. That is, it depends also on the shoppers! And, naturally, on the merchandise supply situation: every measure or economic process which narrows the circle of shortage items, decreases the basis of existence of the corruption phenomena. Stricter sanctions and increased control are also needed.

Replace Him!

The private store owners and contractual store managers are forced to offer items in demand, even though this does not excuse their behavior. But most warehouse workers, wholesalers and store managers are working under the traditional forms of interest. If they, too, were entrepreneurs and their personal interests were stronger, perhaps they would act differently. The lack of adequate interests also explains the occasional losses caused to customers. Private store owners charge more only rarely, they do not wish to lower regard for their business reputation by the classic form of causing damage. That is, their profit margins assure adequate profit for them.

It could also be a solution that the sale of shortage items should not depend on the subjective decisions of one or two persons. Self service should also be extended for warehouses. It also would not hurt if the stock records were easier to review and control. In case of price increases private dealers should not be able to get large quantities of the merchandise in question in advance. Preprinted prices, automated scales could also help avoid improper weighings. And last but not least internal control should really be reestablished. It is also necessary to strengthen the responsibility of enterprise and cooperative managers, if this does not succeed in any other way, then by fines, disciplining, or replacement.

Solving these problems is not merely a matter of trade--it is related to the way our entire social morale is developing. Thus it can not be entirely the task of one portfolio to eliminate corruption and bribery.

8584

CSO: 2500/289

HUNGARY

SOVIET BLOC BIBLE ASSOCIATIONS TO EXHIBIT AT LUTHERAN CONFERENCE

Budapest REFORMATUSOK LAPJA in Hungarian 11 Mar 84 p 4

/Text/ As it is already known to our readers, the Lutheran World Organization will hold its conference between 22 July and 5 August in Budapest, in the Budapest Sport Hall. Several hundred delegates, guests, observers and reporters will come from all over the world; the total will be about 1,100 people. This is the first time that such a high-level church conference is being held in Eastern Europe. This world conference will be accompanied by exhibitions as well in order to show the life and publications of the world's Lutheran churches. Participants may learn about the past and present of the Hungarian Lutheran Church at a separate exhibition.

There will also be an exhibition whose theme will go beyond denominational limits, focusing the attention on a special ecumenical area. This exhibition is organized, at the request of the Lutheran World Organization, by the World Organization of Bible Associations and the Hungarian Bible Council.

Our editors asked Kalman Tarr, chief of department and chief of the Reformed Press Department of the Hungarian Bible Council, what will be seen at this exhibition.

The Hungarian Bible Council was asked to organize, prepare and administer the bible exhibition with the support of the Hungarian Lutheran Church, he said. Dr Ulrich Fick, general secretary of the World Organization of Bible Associations (and honorary doctor of the Budapest Reformed Theological Academy) invited me to Stuttgart, to the headquarters of the World Organization, to preparatory talks between 15 and 18 February. The following plans were drawn at these talks: the center of the bible exhibition will be the bible publishing and distributing activity of East European bible associations and churches. Thus, along with the publishing activity of the Hungarian Bible Council, the bible publishing and distributing activity of East Germany, Poland, Czechoslovakia, Yugoslavia, the Romanian Orthodox Church, the Bulgarian Orthodox Church, the Russian Orthodox Church and the Moscow Baptist Union will be shown. We want to exhibit, first of all, the Bibles of the countries mentioned, with the addition of other informational material such as pictures and data. We are also planning to publish a little book which will show the relationship between the World Organization of Bible Associations and the East European Bible publishers and which will describe the past and present of Bible publication and distribution in the

individual countries. The purpose of the exhibition is to show how deep these countries' commitment to the Word of God is and how beneficial can international cooperation be for this cause.

I would like to take this opportunity to inform the readers of the REFORMATUSOK LAPJA about the publishing plans of the Hungarian Bible Council and the Reformed Press Department. Hopefully by next Christmas, the new Karoli Bible will be published. This continually popular Bible, together with the new translation, is being sold every year in the amount of several 10,000 and thus a new type-setting has become necessary that will be able to "handle" reprints with a more legible image and a clearer page-setting, e.g., the chapter titles will have "thicker" letters. The revision of the Bible's new translation is under way and we hope that the revised new translation of the New Testament will come out in 1986.

We are planning a subsequent publication of a bilingual New Testament in English and Hungarian, with the two languages side by side. This bilingual New Testament will no doubt elicit the interest of Hungarian Protestant congregations abroad, above all in the United States and Canada. But many people who are interested in the English language, young and old, will probably buy it at home as well. All of these plans will be implemented with the spiritual and financial support of the World Organization of Bible Associations.

9414

CSO: 2500/299

PLANNING OFFICIALS, URBAN QUIZZED BY FOREIGN PRESS

Warsaw RZECZPOSPOLITA in Polish 23 Jan 84 pp 4-5

[Transcript of interview with Planning Commission representatives by members of the foreign press, on 17 Jan 84 at the Interpress Center in Warsaw]

[Excerpts] [Question] Let us begin the press conference. I have the pleasure of welcoming to the press center Mr Franciszek Kubiczek, first deputy chairman of the Council of Ministers Planning Commission; Mr Stanislaw Dlugosz, deputy chairman of the Planning Commission, and Minister Jerzy Urban, government press spokesman. The main subject of the conference will be economic issues, and we will begin with them. Later there will be the possibility of asking questions. Mr Minister, please begin.

[Minister Jerzy Urban] Just a minute. I would like to add something else. First I would like to say that Minister Kubiczek is a new face in the government. As press spokesman I have the ambition of bringing to this room all the new people who appear in the government leadership. This is not easy, but I will try one by one to see that all the new government people have the chance to present themselves to the government.

[Minister Franciszek Kubiczek] Thank you very much. As a new face, I would like to ask for a certain tolerance and understanding. I do not have experience in taking part in interviews with foreign journalists, especially those from the West. At the outset I would like to take a few minutes of your time to outline very briefly the economic situation against the backdrop of the figures published for 1983 and to present the overall targets of the annual central plan for 1984.

We are considering the year 1983 to have been relatively good. This is the first year in four that the Polish economy has achieved an increase in material production and an improvement in management effectiveness. For the first time in 4 years we have obtained growth in national income, both produced national income and distributed national income. As you may recall, in 1982, beginning with the latter half, the tendencies towards decline gradually broke down. Starting in August in industry and in October in construction we gradually inched forward. The year 1983 was the year that growth trends became permanent, and I think that we can say that today they are already more stable.

Although perhaps somewhat smaller than planned, in 1983 we nonetheless obtained fairly substantial improvement in management effectiveness. During the 1970's and right up to 1981 and even 1982, the decline in the consumption of fuels and raw and other materials per unit product during the course of the year was about half a percentage point, or 0.6 percent. By 1983 this decline had already reached somewhat over 1.5 percent. Some experts are even publishing estimates more optimistic than that. This is a result that is positive both from the viewpoint of carrying out the government savings program and from the viewpoint of the results that the economic reform is producing. Last year labor productivity also rose by a substantial amount, by more than 8 percent.

We have arrested the decline in real earnings, and we hope that we have done so definitively. Real wages began to increase, even though the rate was slow, at the middle of 1983. The results are not published yet and are being examined statistically, but for the whole year we are expecting to find that there was a rise in real wages on the order of 1-2 percent.

By way of illustration, in industry we obtained an increase in production of nearly 7 percent. This is better, far better, than we had anticipated. As for structural changes, we are pleased with the rather high growth rate of the means of production for agriculture. And we must say that this area of structural changes is working and will produce good results. On the other hand, we are not yet having much success with activating production for the domestic market, and production for export is a little too weak too.

In investments we are noting clear overfulfillment of the plan for outlays, and we are very critical of this. The Council of Ministers took a critical view of this at both December meetings, when the question of the central annual plan for 1984 was discussed. As everyone knows, such clear overfulfillment of the plan for investment outlays has an inflationary impact on the entire economy.

In agriculture, particularly crop production, we had a good year. Livestock production was far less favorable, owing to fodder difficulties going back several years. Hog- and cattle-raising showed a decline, although we are noting some softening of these trends, but the signs are not clear yet. At the end of this year or on the threshold of 1985, we can expect some rise in the number of head, although I am not making any precise predictions.

In housing construction we achieved better results than those planned and even better than those we had anticipated 3 or 4 months ago. Of course, overall this figure is a modest one, only 137,700 dwelling units. This is not much, especially when we recall that we had years when the number of apartments in the construction industry signed over for use exceeded 200,000. Nonetheless, we can see that 1982 was the year when the impasse in this area was broken, and 1983 already showed a gradual increase.

In foreign trade with socialist countries, turnovers ran according to the agreements or exceeded the established targets both for exports and for imports. Our balance of payments here is negative. As everyone knows, we have rather sizeable credit through the USSR. This is tremendous help to our economy and assists in bolstering our income for distribution.

In turnovers with the Western countries, imports in particular fell below the targets of our plan owing to the economic restrictions of which you are aware. Therefore the favorable balance of payments is somewhat higher than we had projected in the plan.

The external manifestation of inflation, the rise in wages and prices, was far higher than we had planned. We must be critical of this, and this is the way the 14th Plenum of the party's Central Committee assessed the fact that in 1983 we were not successful in reducing these indices to the levels projected in the plan. As everyone here knows very well, inflation is a very difficult process to overcome, and we are expecting to master it within a few years.

The point of departure for setting the Central Annual Plan for 1984 was the National Socioeconomic Plan for 1983-1985. This year will be the second year of economic growth. We are projecting modest indices. For example, we envision the growth of created national income to be 2.6 percent and the growth of national income for distribution to be 1.8 percent. These are indices which today we feel are possible. In a word, if I had to define the characteristic of this plan, I would say clear realism. It may be that these indices can be exceeded, but today it is still difficult to say. We are projecting a 4.5-percent rise in industrial production, which we consider a great increase. In terms of drawing conclusions from 1983, I can take this occasion to tell you that in the annual plan we are projecting a decline of about 3 percent in investment outlays as a result of exceeding the targets for these outlays in 1983. In order for consumption to rise at a somewhat more rapid rate, such a move concerning investments is essential. I can mention that the share of national income devoted to investments, that is, what is generally called the investment rate, is rather high, inasmuch as it approximates 17.5 percent. In a period so difficult for our economy, to allocate 17.5 percent of national income for development is to devote a large share, in our opinion. After all, the percentage was similar last year too.

In foreign trade with socialist countries we are projecting a rather clear increase, in keeping after all with the agreements we have signed and with the plan coordination accomplished. We anticipate that the amount by which imports exceed exports this year -- this applies to turnovers with the USSR -- may even reach a billion rubles. It is easy to translate this into zlotys and realize the extent to which this increases our national income for distribution. In trade with Western countries we are adopting very high targets for exports and are being very careful and realistic with regard to imports.

In terms of the rise in wages and prices, the year 1984 will be another year during which the price increase index will be reduced. As you may remember, Gentlemen, in 1982, when we introduced the great reform in the level and structure of prices, the growth rate was high and even exceeded 100 percent. In

1983 this growth was smaller, amounting to about one-quarter of the previous year's growth. For 1984 we are projecting a price increase on the order of 15-16 percent. In coming years we foresee a further decline in this index. As you well know, this process is a difficult one.

In terms of wages, I can say that the wage increase will exceed the price increase somewhat. Therefore the plan provides for the second year in a row for an increase in real wages. I believe there will be general improvement in the society's standard of living. Surely not everyone will feel this improvement, but those who do feel it will be ever more aware as the possibilities for making an honest living are very great.

The year 1984 will be the third year of operation of the new mechanisms of economic reform. Because the economic situation will settle down, relative balance will be achieved in a number of areas, and the economic mechanisms will work better too. Thus, in this realm the year 1984 will bring about far better results than previous years, in my opinion. Thank you very much for your attention.

[Question] Thank you very much. Call for questions. Yes, Sir.

[Yozo Hasegawa, NIHON KEIZAI SHIMBUN] How would you rate the chances for reducing your foreign debt?

[Minister Stanislaw Dlugosz] Practically speaking we are dealing with a debt in two payments areas, that is, in relation to both the capitalist and socialist countries. In 1984 we do not expect to reduce our debt in either one or the other. From what Minister Kubiczek said a moment ago, you can see that we are continuing our adverse balance of payments in current turnovers with the socialist countries on the order of about a billion rubles, and our debt will increase by this amount. On the other hand, in terms of the market economies, we do not predict -- I want to repeat this -- a decline in our indebtedness in 1984.

[Christopher Bobinski, THE FINANCIAL TIMES] Three things at the moment. First, the question of the structure of the economy. It would seem that the 14th Plenum talked about how this structure of industrial production had to be changed. How does the new commission leadership think it can deal with the industrial lobby? Second, coming down to single-digit inflation. When and how do you expect to do this? And, the third thing, to what extent has the 1984 plan undergone modification as the result of consultation?

[Franciszek Kubiczek] In terms of structural changes in our economy, this is the agenda of the Council of Ministers' Planning Commission. The 14th Plenum the resolution of which Mr Bobinski mentioned, even set the deadline for presenting such a program to the government. It was set for June of this year. Work on this program is well under way in the commission. The work is not just beginning now. It has already been going on for some time. We are taking this subject very seriously, in terms both of direct changes and of working out those instruments for guiding structural changes which will insure that this program is implemented.

Insofar as single-digit inflation is concerned, that outcome depends on the price increase index itself, because, for example, if we were to calculate this index so that the prices of 31 December 1983 were used as the base, then I could say that we would achieve single-digit inflation this very year, because within the framework of the index of the increase in mean prices in 1984 compared to the mean prices of 1983, which, as I said, were 15-16 percent, the increase of about 7 percent represents a mere echo of the price rises of 1983. This means that the increases resulting from the decisions made in 1984 will be about 8 percent, which means single-digit. But if we use what I call the classical system of calculation, as we have in the past, then I can say that probably in 1985 it will still not be possible to achieve single-digit inflation.

Now, about the results of consultation. The consultations on the 1984 plan did not go on very long. This year we want to improve the process substantially, and also to extend the period of consultation on the targets of the plan throughout society, in the places of employment, within the employee self-governments, in the trade unions, and in the social-vocational organizations, especially PTE, NOT, the accountants' association, and the Society for Scientific Management and Organization. But from the consultation which we did carry on, there were several conclusions that were taken account in the plan. The first of them was the justified call to increase the supply of commodities to the domestic market. As the result of in-depth analyses, the plan is providing for market deliveries about 40 billion zlotys higher than the targets published a few months earlier. This is the first important effect. Another demand which came out of the consultations concerned accelerating by a full year the third stage of pension and retirement-pay revaluation and adjustment. The Sejm law on this subject does not call for the third stage to be implemented until 1985, but the postulate called for implementing this stage beginning 1 January 1984, and it was adopted. In connection with this, in 1984 the second and third stage of retirement and payment readjustment will be accomplished simultaneously. The mean increase in retirement pay from this will approximate 15-16 percent.

The third postulate which went pretty far in the course of consultation, especially with employees in the nonproduction sphere, had to do with equal wage growth in this sphere to keep pace with that of the production sphere. There were also postulates on the order of making the wage increase in the nonproduction sphere somewhat more rapid than that in the production sphere, because in 1983 the ratios had been reversed. In the Central Annual Plan the government adopted the target of equal wage growth for employees in the production and nonproduction sphere, an increase of about 17 percent.

I would like to mention here that of course the wage growth in the nonproduction sphere is run differently --by convention we can call it the budget sphere -- from the way it is run in the production sphere, where the mechanisms of the economic reform operate. Thus, in factories this increase may show some differentiation. In some factories the increase may run 14-15 percent, and in others 20 percent or even more, depending on the economic effects achieved by the enterprise in question, on the savings of raw materials and fuels, on the increase in labor productivity, and on improved management and organization.

Therefore the increase can vary, too. As you know, the government presented the Sejm with a draft law on experimental principles of remuneration. These are new principles which profoundly reform the previous practice. In those plants implementing these new experimental principles on the basis of an independent decision, the wage increase may even be very high, if there is a correspondingly high growth rate in labor productivity and improved work organization there.

[Tang Deqiao, HSINHUA Agency] What are things in agriculture going to look like? That is my first question. My second is: How are you going to make things easier with meat?

[Franciszek Kubiczek] In agriculture, as I said, especially insofar as crop production is concerned, we are being very careful about our projections of mean indicators. We are expecting a rather great increase in grain imports, as you know, especially imports of high-protein fodder. In terms of growth effects in livestock production, the results will not be possible until the end of the year, perhaps during the fourth quarter or maybe at the turn of the year. This is difficult to predict with any sort of exactness.

The problem of supplying the population with meat is one of the major social problems. At the 14th Plenum of the Central Committee, this subject was discussed, especially in terms of the fact that we want absolutely to maintain past standards of rationing in the supply of meat. No changes are anticipated in this area, but to insure that the population will be supplied in keeping with rationing standards, we must at the same time tap the truly meager reserves available as well as increasing imports. As you know, as editor of HSINHUA, we are expecting to import meat from China as well. One of the results of the decision to maintain rationing standards too during the next few months might be that nonrationing supply could be limited, for example, to restaurants, in particular. The basic goal which we are going to keep strictly right up to the end of this year and in the years to come is not to reduce ration-card standards for supplying the population with meat. You might say that this is an economic decision, but it is also a political one.

[Marian Kafarski, AFP] In what areas will the meat supply be reduced as you mentioned? That first. And then, did what you said about maintaining the level of supply to the population in 1984 apply to years following as well?

[Franciszek Kubiczek] In response to the first question, I already said that the restrictions will come particularly in restaurants. As for the years to come, we would like to plan for not a decline but for a gradual increase in meat consumption. In other words, we are treating the size we have in the annual plan for 1984, as I said, as the lower limit. Nor is there any need at this moment to consider any further decline. As everyone knows, this is not a high level of consumption, around 54 kilograms per capita. It is true that we can point to richer countries with a lower level of consumption, but the reverse is also true. Thus, in coming years, we are anticipating a gradual, very calm, increase. I cannot provide the figures here at this moment, because I want to be honest and straightforward with you. In half a

year, maybe 5 months from now, we will already have a greater wealth of analyses and forecasts related to work on the 1985 plan and the National Socioeconomic Plan for 1986-1990. Then we will be able to give you better figures.

[Jiri Vasko, CTK Agency] Mr Minister, at the meeting of the Central Committee's economic commission yesterday, some anxiety was expressed over the fact that some enterprises' plans do not fit the Central Plan for the Socioeconomic Development of the Country. Can you say something, Mr Minister, on this subject, for example, whether this does not threaten or endanger Poland's cooperation with certain countries?

[Franciszek Kubiczek] The question of consistency between the plans of the enterprises and the central plan or the National Socioeconomic Plan, if we are talking about a multi-year plan, is one of the major issues in guiding the economy. I can cite corresponding legal regulations, such as Article 2 of the law on state enterprises, dated back in 25 September 1981, which says that the enterprises carry on their operations independently but in keeping with the targets of the National Socioeconomic Plan. The anxiety of the Central Committee's commission stems from the fact that particularly in effectiveness processes, the plans of a number of enterprises have diverged from the targets of the central plan. For example, they provide for an increase in employment or supplies of raw and other materials or a rise in imports which is greater than the increase foreseen in the central plan. Sometimes these targets border on the unreal. Thus, this issue of consistency has a dual aspect.

First, we are interested in seeing that the plans of the enterprises are absolutely realistic. The enterprise's plan is of great social significance to the working forces. The management and employee self-government which present the plan to the workers simultaneously assumes vis a vis the workers some responsibility in the realm of the living conditions of those workers, that is, an increase in wages and social benefits, which the plant creates, for example, through its plant housing fund or plant social fund. In order for these obligations to be realistic, the plan must be realistic. And this is the first aspect of the question of consistency between the plans of the enterprises and the central plan.

The second aspect, one of a somewhat broader nature, concerns carrying out the overall social goals set down in the central plan. In relation to production and the deliveries of basic items, and also in terms of effectivity targets, we are counting on having the enterprise plans, generally speaking, to agree with, or, if someone prefers the word: to coincide with, the national plan. This is after all necessary both for the concrete enterprises themselves and for the implementation of general social goals, as well as for maintaining our economy's credibility abroad, especially in terms of the annual agreements we have signed with CEMA member countries. In these agreements we have written down concrete deliveries, specifying amounts and item assortments. Therefore, where the government has taken on concrete obligations in terms of both imports and exports, we are trying to see that these obligations are carried out. The Planning Commission, in cooperation with a charge from the Council of Ministers, questions the enterprises' plans, particularly those of fundamental importance

to the economy. On the basis of this analysis, we want to orient ourselves as to the enterprises' intended directions of operation from the viewpoint of the central plan too, that is, whether or not there is consistency, not only overall, but also in specific details. On the basis of this we want also to draw conclusions concerning the shaping of concrete economic parameters in keeping with the goals of the economic reform. For example, if the analysis of the enterprises' plans shows that they are going in a direction somewhat at odds with the central plan, then the first question we ask is what sort of economic instruments can be used to influence the enterprises to direct their energies back in the direction of those goals and targets set down in the central plan. In other words, this analysis is fully in the spirit of the economic reform.

[Gert Baumgarten, 'STUTTGARTER ZEITUNG'] My question is related to that of our Czech colleague, Mr Vasko, from CTK. In view of this, how will the cooperation between the Planning Commission and a given enterprise change? What do the concrete instructions look like now? What about the directives which the enterprise receives from the Planning Commission? Thank you.

[Franciszek Kubiczek] The enterprise does not receive directives. In keeping with the economic reform, the central plan does not have the force of directive for the enterprises. It is a plan which is binding on the government, and the government has both the obligation and corresponding authority to use economic instruments to guide the activity of the enterprise to carry out the central plan. It also has at its disposal instruments like government orders, which have the virtue that they involve concentrated material supply. Up to the present time we have not run into any refusal on the part of the enterprises in terms of accepting a government order and carrying it out. As you gentlemen may know, because the information was published in RZECZPOSPOLITA, these orders apply to certain groups of items, both raw and other materials and commodities, and especially those market items about which there is some suspicion that the enterprises may not produce sufficient quantities. Thus, the production and delivery of basic market goods, especially those which meet the needs of that part of the population that is least well off, are protected by government orders. These orders also apply to certain investments and to research and development projects.

In 1984 we also maintained several operational programs which could be called comprehensive government orders for selected whole groups of goods. For example, this applies to supplying agriculture, or supplying children and youth with shoes, and also to health care. Insofar as public health is concerned, this sphere is very carefully protected in our central plan, both through government orders and through operational programs.

Of course, the Planning Commission has contacts with the enterprises, especially with the largest ones. This is obvious, because we want to keep up to date, and to do this you have to have contacts and be with them from time to time. For this reason too there are mutual contacts. I think this is good not only for the Planning Commission and its employees but also for the enterprises themselves. In these contacts there is no place for directives. On the other hand there is room for peaceful arguing, conversing, and persuading,

for general information about the economic situation and situations surrounding it. Such information, after all, is the duty of the commission, according to the law on socioeconomic planning, and corresponding information service, especially in terms of the central government's expectations of the enterprises, is something that the enterprises, especially the large ones, can count on. As you know, Gentlemen, the commission is mainly a staff body of the Council of Ministers. It would not therefore be in keeping with this idea for it to issue some sort of instructions or directives. After all, it does not have any such intentions. We want to respect the laws creating the economic reform and adhere to them very strictly.

[Charles Gans, CHICAGO SUN-TIMES] As the result of consultation, the scale of planned food price increases was reduced and compensation for such price rises was increased. As an economist and as a representative of the Planning Commission, are you satisfied with this turn of affairs? And how do you expect this to influence the government or Planning Commission's further work?

[Franciszek Kubiczek] Insofar as food prices are concerned, as everyone knows, this is an exceptionally delicate subject in Poland, and probably not just in Poland, after all. Therefore we prepared for this change very carefully. As you know, it followed directly from the rise in wholesale prices which went into effect as of 1 July last year. This increase in procurement prices, in turn, resulted basically from a certain logical sequence, from an increase in the prices of the means of production for agriculture. This change in turn was the result of the rise in world prices, from the increase in wages, and we have to look at this in terms of the whole logical continuum. Of course the government was interested in terms of the changes in food prices, which is the most important from the viewpoint of the ratio between retail food prices and the procurement prices of farm produce. As we all know, or at least as we imagine, the price should be an increasingly more normal economic category in our country, one which is subject to specific economic laws. Thus, we were interested in its being structure this way.

Insofar as the issue of partially balancing the results of food price increases is concerned, the solution which was adopted seems optimal from the viewpoint of both the first condition and that of aiding people and families living under the worst conditions and the possibilities of gaining broad social acceptance.

After all, Poles are coming to understand better and better the issues of prices, costs, and economic matters in general. We have come through a specific lesson of history, and we are probably all more familiar in our country with how these processes should go.

One of the results of holding consultations on the issue of prices is the suggestion that in the future price changes not be so high all at once, although it is a subjective matter as to whether the present change is a great one or not. It depends on what you choose as a basis for comparison. And in the future we would like also to have a fixed direction of thinking that changes in retail food prices be made step by step in keeping with the changing costs of production in agriculture and that the rises in prices be on a far smaller scale than at present.

[Jerzy Urban] I wanted to add something else. Undoubtedly, the interest of the economy, which after all is also the general social interest, was satisfied to a lesser extent than we had anticipated as the result of these increases, because the funds obtained already paid out to farmers as the result of the rise in procurement prices were less than we had projected in the variants we announced. This means that there was not any major provision for economic balance between procurement prices on farm produce and retail prices. We did not achieve that level of coverage that these three variants, especially the third one, proposed. Nevertheless, it also seems to me that we did in fact achieve a certain goal, which is perhaps one of less significance. That goal is the verification of the system of public consultation in a realm which is not very simple from the viewpoint of the possibility of consultation. The principle of consulting the public on prices was and is being treated with some scepticism, because what sort of question is that to ask a person, whether or not he prefers to pay more or less for a given item. Nonetheless, this series of consultations first of all created an atmosphere of understanding concerning certain rules of the game, that is, that prices are not something arbitrarily set by the officials but are rather something resulting from economic processes, and the influence that social policy has on shaping retail prices must be limited. Second, the society expressed a rather clear preference and had a hand in establishing the playing rules. For example, at issue was whether to protect the interests of certain social groups or others. Most of the people called for protecting the interests of the weakest. Then there was the question of whether to increase prices slightly but on many different products or to increase prices substantially on a smaller number of more deluxe items not bought by everyone. Here too public consultation on the subject came up with the answer, although it was a rather complicated one, as it did on a number of other questions of this sort. Hence, the process of public consultation created some sort of agreement on the matter of socioeconomic policy on the sensitive subject of prices. And, as everyone knows, in Poland's past, it has been problems of prices, although not alone, that have had a rather substantial impact on the course of events, when they were added to other factors of social dissatisfaction. In connection with this fact, if you ask us whether or not we are satisfied, I would say that the people who designed the draft for the increases and consulting the public have mixed feelings. In the economic sense, the price increases did not come as close as they might have to the day of giving up sales using ration coupons. Another price increase, one much more substantial, could have come closer to doing away with rationing, but we are mainly satisfied with the fact that these decisions were made in the course of a serious process of consulting the public. Consultation very greatly expands the formula of understanding and the formula of socialist democracy. We understand it, among other things, as strong development of methods for coming to decisions through consultation. I wanted to add that.

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[Hans Ruwwe, GFA] This is a question on a completely different subject. At the moment the demand for machinery and equipment in the West is practically not growing at all. Against this backdrop, how can you justify the annual plan's target of increasing exports of just these products to Western countries by not less than 20 percent in fixed prices? And last year you had tremendous

difficulties which actually were caused most of all by the poor quality of Polish products.

[Stanislaw Dlugosz] Our markets of sale, insofar as capital goods and machinery and equipment are concerned, are not only the countries of the advanced market economy but also the countries of the Third World. It is worth recalling that the value of our exports several years ago -- here I have the year 1980 in mind -- were already over 2.2 billion dollars, and therefore to set a goal under truly complicated market conditions, like those we are going to be dealing with in 1984, at a level not much under 2 billion dollars is undoubtedly making things tight, but our foreign trade machinery and our industry is undertaking this sort of task, simply because this is one of those developmental branches of our export where we have the capability of delivering goods. Actually, as you said here, Sir, we are dealing with great difficulties in terms of the problem of quality, but the first condition for resolving such a problem is full awareness of the difficulty we face.

[Robert Strybel, Polish emigre press] Mr Minister, insofar as the reform is concerned, there were various meetings, changes, and conferences, decisions, which changes things. I would like to know whether, for example, a given enterprise can still employ as it could before as many workers as the director thinks it needs and also increase wages internally in keeping with the needs and agreements with trade unions, and buy its supplies wherever it sees it has the best opportunity, and export to whomever allows that enterprise to make the best profit, and designate the money it earns to expand and for other purposes it considers most suitable. Is there any central interference here, interference from the government?

[Franciszek Kubiczek] We are in the third year of the implementation of the economic reform, and at the same time we are in the successive year of getting out of the crisis, which we cannot forget. There are no ideal conditions for the reform, but the reform is also helping, actively helping in getting us out of the crisis, so we are planning here on some sort of positive evolution on behalf of the targeted assumptions adopted in the directions of the economic reform and approved, as you all know, by the Ninth Party Congress. Insofar as the enterprise's jurisdiction is concerned, we can actually list the enterprise's prerogatives one after another. For example, in terms of distributing its profit for the development fund, the workers' bonus fund, or to add support to the plant housing fund or plant social fund, this lies entirely within the jurisdiction of the enterprise, and, to be more exact, the jurisdiction of the worker self-government body. We should add that research based on 1982 and the first half and third quarter of 1983 -- the research for the entire year has not been completed yet -- shows that the decided majority of the enterprises divide profits wisely, because the overwhelming majority of the enterprises, 60-70 percent, approximately, allocates the profits for development of the enterprise. There was some fear following initial analyses for 1982 that the enterprises were going in a somewhat different direction, that they would assign a larger share for current consumption, for bonuses and prizes. It turns out that during the first period there was also reflection among the enterprise management and in the employee self-government bodies. People began to give serious thought to their own development, to shaping the conditions for

that development and so also to the distribution of profit, as I said, for the first half and third quarter of 1983. We in the center of government consider this to be healthy.

Insofar as employment goes, for example, with the exception of 15 voivodships, where there is compulsory labor referral, consistent with the law on detailed legal regulation during the period of overcoming the economic crisis, there is freedom in hiring. Insofar as the 15 voivodships I mentioned are concerned, the employment office of the voivodship is trying to steer that employment with an eye to meeting overall social needs. In other words, with an eye to meeting the needs of those enterprises that are meeting overall social goals. I want to say that the voivodship offices are making very careful, restrained use of their authority, and in this connection I would not treat this as limiting the independence of the enterprises.

Insofar as wages are concerned, practically speaking, today there is already complete independence, with two exceptions, notably, the enterprises must adhere to the labor code, which is a legislative regulation and must respect previously signed collective labor agreements. These are the two basic restrictions. Of course there is also a restriction of a completely different sort, a general social restriction. Everyone knows that wage policy is a very delicate policy which has economic aspects but social ones too. Our society is still not prepared today for too great differences in wages, so wage differentiation is very careful. Experimental remuneration principles, as I said in my initial statement, are based on a separate law a draft of which the government has presented to the Sejm, and they allow more profound reforms, but a Sejm law is needed for this. The government cannot do this on its own, because it does not have this sort of authority.

Insofar as supplies of raw and other materials are concerned, the principles adopted are generally known. The Council of Ministers resolution on material supply in 1984-1985 has also been published in a supplement on the economic reform by RZECZPOSPOLITA.

[Stanislaw Dlugosz] I might add one more thing by way of supplement, because the question includes the gently touched-upon issue of the enterprise's use of foreign currency. Now, the situation is like this: Insofar as we are talking about our relations with socialist partners, there is no problem getting foreign currency. Concretely we have in mind here the transfer ruble, but when we talk about our relations with countries using convertible currency, then we are dealing with foreign-currency "rationing." Nonetheless, there is a large number of channels through which convertible currency can come to the enterprises which export, and most foreign exchange depends mainly on the given enterprise's export efficiency and volume. I suppose that your question was aimed at a mechanism like calculating foreign exchange deductions, and I can joke here about how this is more liberal in Poland than in the foreign exchange economy of Italy or France. It makes it possible for the exporter to retain a certain share of foreign-exchange income. In addition, by way of experiment we are using the mechanism of foreign exchange bargaining, which is not working as we would like it too yet. We must give some consideration to this matter. There are mechanisms of turnover credit and quick-profit investment

credit in foreign currency that are used by our banks, that is, in keeping with the basic tenets of the reform. We are going in the direction of restricting foreign-currency "rationing," despite the difficult balance-of-payments situation, and heading towards the situation where the enterprise itself will determine on its own the amount of convertible currency, just as it does for transfer rubles, that it can obtain as the result of its participation in foreign economic cooperation.

[Gabor Miklos, NEPSZABADSAG] Gentlemen, from Minister Urban's initial remarks, I understood that you would give us some sort of information about the next steps of the pricing operation concerning food prices. Could we ask you for this information?

[Jerzy Urban] Last night there was a meeting of the government, and the Council of Ministers received information from the Minister of Labor Wages and Social Affairs and the Minister of Prices about the lower scale of the increases. The government approved the price increase and compensation draft, which was announced on 12 January, but certain changes were made. In the realm of price levels one modification was made. It was recommended that the price on "extra"-grade butter be reduced from the projected 104 zlotys to 98 zlotys. This is the result of preferences listed among others by the trade unions at a meeting which was held just after the price consultations were closed, that is, at the meeting of union leaders and the Council of Ministers' trade unions committee. Besides this, they decided to increase the benefit for crippled children from 1,000 zlotys per month to 1,500 zlotys per month. The government passed this decision with a view to easing the results of the price increases by making it possible for to earn more through production activation. The 12 January draft included such moves. The range of them was expanded. It was decided to make it more attractive for pensioners and retired persons to take jobs in vocations with special shortages. The amount of income one may earn in such cases without losing benefits is now increased to 130,000 zlotys per year. These problems after all are the subject of further study. Women on leave to raise children have now unlimited possibilities for earning money at home. Also unlimited are earnings from work in plant economic [gospodarcze] groups. The government decided against asking the Sejm to extend the validity of the regulations on taxing earnings from second or other further jobs. Up until now there has been a progressive tax which limited and somewhat reduced the profitability of taking a second or third job. Now the government will not ask to have this regulation extended. The government decided to go to the Sejm and ask for speedy passage of the law on experimental remuneration principles, to make it possible first in a certain number of plants and then, we hope, in the future in a larger number of plants, to reconstruct through an incentive system the desire to obtain greater labor productivity and thereby higher earnings. In addition the government issued a number of orders aimed at better combatting the waste of time, raw and other materials, energy, and implements, and at saving those things, and at improving the quality of food products. The government also emphasized that the rise in food prices could not be a pretext for increasing prices on derivative items without reason, and it issued recommendations to various control bodies, telling them to step up supervision in all sectors, including the private sector, to see that the rise in food prices is not abused for various price manipulations.

Finally, the government expressed the intention for the price minister to adapt the level of official retail prices of basic foodstuffs in the future to changes in the costs of farm production in a gradual way, so as to make it possible to ease somewhat the possible single price increase to spread them over time. Finally, the government thanked all those who took part in the consultations, especially the trade unions and PRON. The Council of Ministers decided to introduce new food prices as of 30 January, and the date is the result of the fact that this must occur on a Monday for the trade apparatus to have the Sunday to make the appropriate price changes on the lists of goods and handle the technical details. This is a brief resume of the government decisions.

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[Jiri Vasko] A short question about this price increase, which is to be announced today. There is nothing anywhere that says the mean percentage by which food prices are to increase, whether 15-16 percent, as was anticipated or by more or by less. Could you provide more precise data?

[Jerzy Urban] The increase is on the order of about 10 percent, but this has not be precisely calculated yet, so please take this as an approximate figure. In connection with the drop in the price of butter, the index changed.

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[Christopher Bobinski] Do you know perhaps how many items are becoming more expensive? More than the list published in the papers?

[Jerzy Urban] Of course more, but it is very difficult to present the number of items, because when you talk about cheese, there is already the matter of the number of types of cheese. At any rate, the items listed in the two ministers' draft decisions published on 12 January present certain items typical for a given group, and these are representative prices, that is, for concrete price tables the price scales published do not hide any other increases.

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CSO: 2600/625

FREE-WHEELING ATMOSPHERE OF ASSOCIATION MEETINGS ILLUSTRATED

Warsaw MATERIALITY BUDOWLANE in Polish No 1, Jan 84 p 5

[Report on a meeting of the Construction Carpentry Association: "'Stolbud' Association"]

[Text] I have already reported that sessions of association councils are quite different from the meetings of the old industrial groups or councils. The council sessions now are not conferences of directors cautious of provoking their superiors' wrath. Speakers at council meetings present freely their views and protect the interests of their enterprises. The atmosphere of these meetings is often stormy, passions run high and, not infrequently, emotions override reason.

An instance of this climate was the latest session of the Council of the National Association of Construction Carpentry Enterprises "Stolbud" (8-9 Dec 1983). I hope that the antagonisms that arose towards the end of the session among some of the council members will be short-lived-- that the interest of the industry and common tasks and difficulties will work as a mortar and incentive to effective solution of difficult problems facing the industry.

The order was impressive. It is impossible in a short report to cover the entire scope of discussions and the diversity of debates. I will therefore dwell on matters that seem most important at that December session: the production plan for 1984, exports and a program of quality improvement.

Premises to Production Development

The director of the association, Stanislaw Tetkowski, presented the estimated* fulfillment of the plan for 1983. The estimated sales of products and services was 14,682 million zlotys, or 101.9 percent. This overfulfillment must be viewed as impressive, because there was a large decline of employment (by 268 workers). The labor productivity grew 3.6 percent.

The sales of products and services in 1984 are planned to attain 15.559 million zlotys, i.e., 106 percent as against the estimate for 1983. The

*As mentioned, the session occurred on 8-9 Dec of the past year.

employment growth is planned to be 0.3 percent, the productivity 4.6 percent, average wages 5.3 percent and bonus fund by 6.6 percent. Marketable products output must increase by 8 percent.

These were the indicators offered at the session. They were based on the compilation of draft output and sales plans of the individual enterprises that are members of the association.

According to the assessment of the Department of Industry of Construction Materials, presented by acting director Mark Kugler, the draft plan contains improper economic relations: the average wage and bonus fund is to grow more than the planned increase of output and sales. From a strictly economical point of view, this seems reasonable objection.

But ... during the course of the discussion at the meeting, the economic categories such as product value, cost level, planned profits, etc. could only have an orientational meaning, because 20 days before the beginning of the new economic year, the enterprises still did not have reliable criteria and indicators that could serve as a basis for developing a realistic draft plan.

The Stolbud director from Wloszczowa, chairman of the association council, Zbigniew Kaczmarzyk, said: "How can we draft a plan for 1984 before we have concluded contracts with consumers and have not been given established procurement price rates? We know that prices for energy, fuel and materials will go up, as well as transportation costs, but to what degree? How are we then supposed to present the prices of our products? What kind of changes in general will occur in the mechanism of economic reform?

"It follows from the premises of the central plan that a 15-17 percent rise in wages is projected for 1984. From our estimates, however, we fear that our profits will not only be insufficient for any wage raises, but even for paying into the PFAZ [State Vocational Activization Fund]. Sure, this is an impossible way of planning ... "

The Stolbud director from Gdansk, Ireneusz Czekaj, noted: "The sales planned for 1983 have been fulfilled to 103 percent, while the employment was 5 percent less than planned. For an average of 1000 zlotys of wage increase at our enterprises, we paid into the PFAZ 10 million zlotys. Of 25 million zlotys profit, the share of distributions to an individual worker is on average ... 500 zlotys.

"Our workers continue to quit. In the Baltic region, our wages are not competitive.

"To save the situation, we plan an output growth of 26 percent (!), while reducing the employment by another 5 percent. This must produce favorable economic proportions. But if current quota of payment into the PFAZ is not changed, this means that with a planned profit of 30 million zlotys the fund will swallow ... 39 million zlotys! Therefore we cannot plan for a wage increase despite the food price rises that are to be introduced in January.

Our workers are asking why we do not want to follow the guidelines of the central plan--raise wages by 17 percent."

The Stolbud director from Gorzow Wielkopolski, Mieczyslaw Weichert, commented: "The sales volume is a fiction. We must speak of a quantitative plan under the condition that we will have adequate supplies. In 1983, we had to buy from cooperative stores ...nails to maintain the output of windows at the required level. I eliminated the second shift in the door department and moved the workers to the second shift of the window department. Labor shortages are becoming ever more severe."

Other sharp criticisms were heard. Some said that only "cheating pays, because enterprises are penalized for good work and diligence" and that "the ever-changing mechanisms of reform undermine stabilization and cause chaos." "An enterprise should not be shaken up several times a year."

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CSO: 2600/819

PLANNING COMMISSION GETS HEAD START ON DRAFTING 1985 PLAN

Warsaw RZECZPOSPOLITA in Polish 7 Mar 84 pp 1,2

[Article by (CH): "Central Annual Plan for 1985: First Drafts; The Two 'Installments'; More Time for Consultation; The Powers of the Planning Commission Defined by the Charter of the Council of Ministers"]

[Text] (From our own correspondent) Gradually, the new functions of the Planning Commission at the Council of Ministers are taking shape. According to the law on planning, the commission is to become a headquarters, "central" organization to develop the economic plans, analyses and studies that will form the basis for decision-making by the Council of Ministers.

This is how the vice-chairman of the Planning Commission at the Council of Ministers, Franciszek Kubiczek, described its functions in an opening statement at the press conference on 6 March 1984, dedicated to the work on the Central Annual Plan and the long-term plans. An example of the changing functions of the Planning Commission is, in particular, delegation to the individual ministries of many of the decision-making responsibilities. For example, the interministerial committee working at the Ministry of Foreign Trade will take care of hard currency operations; the Ministry of Labor, Wages and Social Affairs will be concerned with the decisions on the waiver of payments into the PFAZ [State Vocational Activization Fund]; the Ministry of Finances will decide on the proportions in distributing the depreciation costs between the state budget and the individual enterprises.

The Planning Commission will concentrate on its work in developing plans. Since early January 1984, work has been started on the Central Annual Plan for 1985. Striving to inform the enterprises of the economic assignments for the coming year as soon as possible, the work on this document is being expedited. At the latest, by the end of October, the Central Annual Plan for 1985 must be submitted to the Sejm for discussions.

In practice this means that the targets of the plan should receive government approval already in June. July and August will be allotted for consultations. Compared to previous years, this new plan has a different structure. Its first part, to be submitted in June, will contain a list of government contracts, operation programs and some financial-economic parameters such as, for instance, the indicators of required contributions to technological pro-

gress at enterprises and waivers of depreciation payments. The second part, supplementary to the first, will detail the remaining parameters and define the assignments of the enterprises in quantitative terms. This part will be submitted to the enterprises in October.

As in the current year, alongside the development of annual plan, work will be done on documents characterizing the phenomena that may endanger the fulfillment of its targets. These threats to planned fulfillment will be discussed quarterly. Since the assessments of the Planning Commission and the Economic Consultative Council have coincided as regards the dangers to the fulfillment of this year's plan, the latter body has renounced the development of a separate document on this subject.

In parallel to the work on the plan for 1985, and the principles of the National Socioeconomic Plan for the years 1986-1990, presented by the vice-chairman of the Planning Commission at the Council of Ministers, Josef Zajchowski, the Planning Commission has drafted the corresponding section for the charter of the Council of Ministers.

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ENTREPRENEURSHIP TOUTED AS ECONOMIC REFORM 'LITMUS TEST'

Warsaw ZYCIE GOSPODARCZE in Polish No 7, 12 Feb 84 p 13

[Article by Tadeusz Sztucki: "The Litmus Test--Who and What Threaten Entrepreneurship"]

[Excerpts] At present the word "entrepreneurship" is linked in our minds to two concepts that are diametrically opposed to each other. On the one hand it is preoccupation with making profitable business deals, and, on the other hand, it is one's inclination and ability to carry out economic programs and plans according to guidelines, exceed the adopted tasks, and achieve better indicators.

The preoccupation with making profits seems inappropriate in a state-run economy, but, at the same time, the economic reform considerably changed the situation of enterprises. They are not required to implement tasks that are centrally determined through directives anymore. Thus, the following question arises: "Is not it urgent that we find a proper place and definition for entrepreneurship in the reformed economy, establish its area of activity and define both desirable and undesirable of entrepreneurship?"

At first the profit incentive resulting from economic activities of the socialist enterprise was treated marginally due to the belief that it is possible to replace it with centrally determined tasks. Under conditions of the reform it became a standard economic objective, however. Thus, rather than profits as such, achieving them using methods and means contrary to general objectives and directions of the national economic development and interests of other market participants, i.e., buyers and sellers, became objectionable.

Efficient management is needed in order to achieve the desired surplus of income over expenditures. According to Oskar Lange, it is necessary either to achieve the optimal implementation of objectives based on the given resource outlay, or to use the minimal outlay of resources for the given implementation level of objectives.

For a long time we believed that it was possible to use the optimal amount of resources both in the economy as a whole and in each enterprise, and to ensure microeconomic efficiency through planned macroeconomic

efficiency. Perhaps too many of us were inclined to think that the very fact of nationalizing production means and having central planning that covers all aspects of the economy would ensure systematic economic development and enable us to have both industrialization and distribution (and perhaps even allocation) of consumer goods that would constantly increase in number and range, according to the principal of "to each according to his need."

The painful lesson of the crisis forces us to abandon harmful illusions. Central planning and assigning tasks to each enterprise by directives and allocation of resources for the implementation of those tasks were not successful in ensuring efficient management. This concerns both macro- and microeconomic aspects of planning. The system of relations between economic units and administrative bodies based on central decisionmaking and absence of free will on the part of enterprises resulted in univocal and uniform management methods and their remoteness from the marketplace realities and cost effectiveness. This is not surprising in view of the domination of the macroeconomic balance and calculation methods, as well as widespread use of subsidies based on unspecified central preference and often serving to hide the enterprise's inefficiency.

The basic principle of the economic reform consists in the recognition that there cannot be macroeconomic effectiveness without microeconomic effectiveness achieved by autonomous enterprises subjected to the state's indirect steering and monitoring. In order to implement this principle, each enterprise needs to develop an inner force that would strive to achieve maximal profits according to the principle of efficient management. Enterprises are required to have knowledge of the market mechanism and to know how to use it. They independently define particular objectives of their economic activities, production, delivery of goods to the marketplace, and sale of goods and services that are differentiated as to their kind, quality, and price. Enterprises ensure that consumer needs are fulfilled and supply and demand are balanced in every segment of the market.

The success of the economic reform depends on the fulfillment of those requirements, which, in turn, depends on the ability of enterprises and their capacity to change their orientation from the previous direction, which depended on arrangements with supervisory administrative bodies, to the new pro-market direction, based on adjusting economic activities to the market needs, and through the market, to needs of consumers. Thus, this is a change from the administrative to the entrepreneurship orientations.

For and Against Entrepreneurship

Entrepreneurship means striving for success, Success, in turn, means that the enterprise has a strong position at the marketplace. It gets new clients, its founding body is accepted, and there are resources for the development and improvement of employees' financial situation. For the management cadre and the work force success constitutes a proof of

their abilities, affirmation of their role in the society, and fulfillment of their creative ambitions. It means better financial situation and better future prospects.

As a result of the success based on entrepreneurship differences arise among economic units and individuals as to their social standing, position, income, access to material and other goods, as well as their impact on the economic life.

A question should be asked: do we have a clear idea of what entrepreneurship is all about? Can this idea count on public approval and on being disseminated through mass information media among economic units and organizations?

The following "balance of active and passive" aspects is presented in order to show arguments for and against entrepreneurship and to facilitate an understanding of the number and the importance of issues needing a univocal solution.

Entrepreneurship threatens bureaucratic central administration, adversaries of the economic reform, the economic lobby, monopolies, unqualified management cadre, unenterprising units, and those characterized by "disinterested envy."

Entrepreneurship benefits the whole economy, the economic reform, enterprising enterprises and units, consumers, inventors, competition, and balanced supply and demand.

Entrepreneurship is hindered by a simplistic understanding of social justice and equality among members of the socialist community and by longtime habits and experience of thwarting it. It is also hindered by unenterprising management cadre of enterprises, the "central entrepreneurship" of administrative institutions, which feels threatened, and by the lack of a clear distinction between entrepreneurship and black market in the situation of the economic crisis. Furthermore, the entrepreneurship is hindered by suspicions and distrust surrounding enterprising individuals, ambivalent attitudes of various social groups concerning efforts to accomplish maximum personal income and profit for enterprises, and formal and bureaucratic difficulties encountered by those planning to found new enterprises and enter the marketplace. Other problems are: the lack of the developed market as an incentive for increased activities of enterprising individuals and economic organizations, the tax system that eliminates the effects of outstanding and above-average achievements accomplished by both individuals and institutions and discourages entrepreneurship and its results, and a contradiction between the model for living based on entrepreneurship and its results on one hand and the lack of acceptance and active support for entrepreneurship on the other.

Entrepreneurship is helped by admitting that administrative methods of managing economic activities are ineffective, by goals and principles of the economic reform, and by faults in the present system of fulfilling consumer needs. It is also helped by the current market imbalance and by the necessity of releasing the initiative and ingenuity of enterprises in order to combat the crisis. Furthermore, entrepreneurship is helped by the positive experience associated with developing various forms of entrepreneurship in socialist countries and the policy of hard money and adherence to rules of the market without trying to protect and prolong the life of useless and ineffective enterprises.

I am convinced that entrepreneurship constitutes the "litmus test" of the economic reform. If entrepreneurship does not develop more color, the hope linked with the new economic system and felt by enterprising individuals, concerning new opportunities for having a socially accepted share in producing and delivering to the marketplace consumer goods and services that improve the quality of life, will pale again.

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STUDIES SHOW SHORTCOMINGS OF LARGE MERGED ENTERPRISES

Belgrade EKONOMSKA POLITIKA in Serbo-Croatian 12 Mar 84 pp 16-17

[Article: "Associated Labor--Dominance of Organizational Models"]

[Text] According to a proposal already accepted by the workers' assembly of the SOUR [Complex Associated Labor Organization], the Galenika enterprise in Zemun will continue for the immediate future to operate as a labor organization, probably with fewer OOUR [basic associated labor organization] than there currently are under this firm name. It is not a question of separating a part of the enterprise but of strengthening unity and coordination in operation and development. A somewhat different course is being followed by the TAM in Maribor, from which comes news that, rather than in the current SOUR, the home industrial motor vehicle industry will in the future group manufacturers associated from the economic and reproduction viewpoints into more flexibly and realistically linked operating collectives. The wave of transformations in the self-management organization system within the economy has now swept over many SOUR which several years ago were dubbed "composite operating systems" immediately after they had been established, perhaps out of respect for quantity and optimistic faith in the efficacy of the fusion principle.

A little over a year ago the question "do we want composite organizations or not," which had a quite pertinent meaning in the narrower context of the relationship of politics to the economy, burst forth in the economic community from a meeting of the Central Committee of the League of Communists of Slovenia. The reply to this question today might be couched in terms such as "it depends on the way in which these organizations have been put together." The most recent processes seem to confirm the pithy statement by the well-known economics professor that we have learned what is meant by forced disintegration but also what is meant by forced integration. Life has demonstrated convincingly enough the limited validity of the saying "big is beautiful." Stepping up the pace of merging economic organizations seems to have led more to disintegration than to integration of associated labor.

Loosely knit organizations. The research carried out by the Scientific Research Center of the Economic Faculty in Belgrade in 15 large economic organizations in Belgrade and other Serbian cities has shown that the internal economic links within composite organizations for the most part do not function or have not even been set up. The majority of the organizations investigated are composite

associated labor organizations of the "conglomerate" type with loose links in the basic operating functions: guidance of development, the financial function, marketing, planning, and so forth. On the basis of the study, economic specialists have come to the conclusion that there is need for "intensifying the entrepreneurial function of associated labor."

The process of organizing associated labor should be made a function of optimization both of size and of efficiency, say the research workers of the Belgrade Economic Faculty in a summary study on this project entitled "Self-Management Organization of Associated Labor as a Function of More Efficient Operation" and carried out at the direction of the chambers of commerce of Serbia and Belgrade. To give expression to volume economy (long production runs, unified procurement and marketing, rational use of infrastructure), it is necessary to have a high degree of internal linking of the components of the organizational whole based on collective development programs, division of labor, and cash flow. Often bitter experience in the past has shown that it is harmful to insist on "market subjectivity" for basic organizations. This leads to the conclusion that the basic associated labor organization "should not be based on operating and functional wholeness." However, the criteria followed in forming OOUR [basic associated labor organizations] are for the most part not based on the principle of a common goal. Hence the conditions have not been provided for unified management at the labor organization level. There has been no integration of partial goals in a collective goal function of the labor organization and SOUR [composite associated labor organization]. A plurality of "self-management" interests has crept into the enterprise and has made it virtually impossible to control development; such is the finding of research workers investigating relationships and forms of organization in the economy. However, the plurality of self-management interests is a political rather than an economic category. Self-management in the economy cannot be considered a goal in itself, since it is a fundamental interest of the self-managed unit to strengthen the material basis of self-management and the unit's own economic power.

Composite systems under complex conditions. The loose or entirely nonexistent economic links within composite organizations may serve to explain an earlier analysis of the Federal Bureau of Social Planning which published figures indicative of the efficiency of economic giants. Specifically, the 140 large SOUR covered by the analysis in 1980 turned out about 50 percent of the social product, employed about 50 percent of the persons employed in the economy and operated with 60 percent of the operating capital of the economy. The level of investment in these organizations was 38 percent above the average, but investment efficiency was 17 percent below the average. For every dinar of social product made in these composite organizations, 3.5 dinars were invested, as against 2.2 dinars in other organizations. Productivity was lower in 1980 than in 1975 in the SOURs analyzed. From all indications, the situation is not any better today.

The main reason for the surprisingly low efficiency of the large economic organizations lies in the absence of economic links and orientation toward unified goals in operation. Any generalization might, of course, lead to a wrong conclusion. The size of the sample (more than two-thirds of all SOURs were analyzed) conceals very significant differences. A number of economically

actually solid and dynamic composite organizations have convincingly demonstrated the superiority of integrated economic entities.

Organizational Forms of Associated Labor

Organizations	1978	1980	1982
OOUR	19,203	20,450	20,935
units	89,992	94,415	97,247
RO less OOUR	14,269	13,940	13,929
units	39,044	37,049	37,285
RO with OOUR	3,812	4,321	4,427
units	1,245	--	--
SOUR	286	373	424
units	8	--	--
RZ	4,173	5,033	5,273
units	1,430	1,554	1,844

It is an essential difference whether an organization grows under its own development programs or is the result of external designs and voluntary fusion on the classical model of the capitalist merger, the only difference being that the will of political power is in action rather than the power of finance capital. It has been shown that under Yugoslav conditions the organizational models have prevailed over the economic interests of the economic agencies in associating with each other, becoming larger, and expanding their activities.

The rise of complex conditions of economic operation, as a consequence of the stubborn administrative mode of regulating economic relationships, has greatly heightened the effects of underdeveloped organization of economic agencies. The general opinion is that the complicated payment transaction and settlement system procedures have depreciated the role of internal mechanisms in composite operating systems. A consequence of this process is the obvious dispersal of public funds in the economy, the division of the material basis of associated labor into small units, the slowing of capital circulation, and illiquidity. All these things greatly intensify the operating troubles of the economic associated labor organizations. And these difficulties are not minor. For example the permanent circulating capital covering supplies in the economy of Belgrade decreased to 38.7 percent in 1982 from 62.3 percent in 1977, in industry to 38.6 percent from 65.6 percent, and in trade to 3.6 percent from 28.4 percent. Hence trade in Belgrade was compelled to cover payment for 96.4 percent of its supplies with short-term credit.

The concentration of money in the composite organizations should unquestionably reduce the need for commitment of already scarce credit potential. At the summer 1983 meeting of the Central Committee of the League of Communists of Serbia, the chairman of the Republican Executive Committee, Branislav Ikonic, presented the calculation that the investments of the Belgrade Bank would be expanded by one-eighth as a result of concentration of money in the PKB [Belgrade Factory Farm] and Minel [Power and Industrial Project Design, Manufacture, and Installation Enterprise].

The discussion about how the internal market within the composite systems should be organized revolves mainly around the dilemma of choice between selling price relationships and collective revenue and income. In the analysis made in the study referred to, the research workers of the Belgrade Economic Faculty arrive at the conclusion that the difference is not an essential one. What they regard as vital is, firstly, the criterion for regulating the two sets of relationships, and, secondly, what the incentive, integrating, and optimizing effects of these criteria are on the organizational components and on the entity as a whole.

The power of politics and the power of technology. The disintegrating effects created by organizational comminution of the economy are unambiguous; this had led to clearcut political orientation toward the necessary constant adjustment of the organizational decisions of the OOUR, RO, and SOUR to the new conditions and requirements of production and operation, but with no improvisations and rash reorganizations. After all, the improvisations and ill-advised forced integration, without the normal economic incentives and conditions, are precisely some of the factors which have led to the current situation.

Doing away with SOURs wherever they have resulted from the consequences of organizational rashness and noneconomic decisions is, of course, necessary. It is indeed difficult to grasp the logic of setting up two SOURs in Belgrade with the same name, Jugopetrol, in an almost identical sphere of operation, both of them being associated in a third SOUR, the Naftagas in Novi Sad. Objectively speaking, the only solution is to regroup the separated potentials and integrate them in common programs to increase the economic penetration and inevitable conformity to the world standards of efficiency.

The fact that awareness of this need is gradually coming to prevail is also leading to internal restructuring within broader organizational entities in the economy and checking the earlier excessive process of OOUR formation. Such processes are also evident in the very large and highly developed OURs (INA, PKB, Utva). The reasons for these measures are for the most part similar and are reduced to gaining of operational strength, increase in uniformity, and tightening up of loosened economic links. All this is necessary, but far from sufficient. Homogenization of economic organizations should lead from the initial reorganizational measures to consolidation of the basic operating functions, those relating to development, technology, finance, and the market. However this will require much more serious shifts than raising awareness of exaggerated organizational comminution.

And indeed the essential problem does not lie in the organizational form (which is a result) but in the relationships of power and influence on economic processes.

An even more recent experience is that of the fears expressed about uncontrolled strengthening of economic agencies and justified by reference to the danger from strengthening of "technocratic forces." The consequences have been given expression in the action of the political rather than of the professional "techno-structures." And the rivalry between the "politocracy" and the "technocracy" proves to be merely an illusion under conditions such that the power of politics is far greater than the power of technology.

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